

CITY OF INDIANOLA, MISSISSIPPI
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

City of Indianola, Mississippi
Annual Financial Report
For the Year Ended September 30, 2019

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor
and Honorable Members of the Board of Aldermen
City of Indianola, Mississippi

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Indianola, Mississippi (the City) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Indianola, Mississippi's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Indianola, Mississippi, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of The Indianola Tourism Commission, which represents 100% of the assets, net position, and revenues of the discretely presented component unit as of September 30, 2019. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Indianola Tourism Commission is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Indianola, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provided a basis for our audit opinions.

(Continued)

Correction of Errors

As discussed in Note 14 to the financial statements, certain errors in the prior years' financial statements have been corrected in the accompanying financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Indianola, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an Audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risk. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Indianola, Mississippi's internal control. Accordingly, no such opinion is expressed.

(Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Indianola, Mississippi's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, and the Schedules of the City's Proportionate Share of the Net Pension Liability and the City's Pension Contributions on pages 5 through 14 and 52 through 69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and other schedules as listed in the Other Supplementary Information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of other auditors, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and other schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2025, on our consideration of the City of Indianola, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Indianola, Mississippi's internal control over financial reporting and compliance.

Tamm, Brown & Kiser C.

August 1, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Indianola, Mississippi Management's Discussion and Analysis For the Year Ended September 30, 2019

The following discussion and analysis of the City of Indianola's financial performance provides an overview of the City's financial activities for the year ended September 30, 2019. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- Total net position decreased \$522 thousand in 2019, which represents a 5% decrease from fiscal year 2018.
- General revenues were \$6.3 million, or 68%, of the City's revenues in 2019. This amount was more than the prior year (2018), which consisted of \$6.0 million in general revenues. Program revenues in the form of charges for services accounted for \$2.5 million, or 27%, of total revenues, compared with \$2.8 million in 2018.
- The City had \$9.8 million in expenses, an amount that increased when compared with the \$9.5 million in expenses for the prior year; \$3.0 million of these current year expenses were offset by program revenues. General revenues of \$6.3 million were not adequate to provide for the net expenses of these programs, and the City experienced a \$522 thousand decrease in net position in the current year as a result.
- The General Fund had \$6.3 million in revenues and \$6.4 million in expenditures. In 2018 the General Fund had \$6.2 million in revenues and \$6.7 million in expenditures. The General Fund's fund balance decreased by \$108 thousand from 2018 to 2019.
- The Water and Sewer Fund had \$1.9 million in revenues and \$1.6 million in expenses. Its net loss was \$270 thousand for the current year. In 2018, it showed \$1.9 million in revenues and \$1.5 million in expenses.
- The Refuse Collection Fund had \$491 thousand in revenues and \$569 thousand in expenses. Its net loss was \$77 thousand for the current year. In 2018, it showed \$545 thousand in revenues and \$574 thousand in expenses.
- Capital assets, net of accumulated depreciation, decreased by \$638 thousand in the governmental activities. This decrease in the governmental activities was primarily due to recording depreciation expense during the year.
- Capital assets increased \$747 thousand in the business-type activities mainly due to the radio-read water meter improvement project.

(Continued)

City of Indianola, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019

- Long-term liabilities increased by \$261 thousand in the governmental activities from 2018 to 2019. The increase in the governmental activities was mainly due to an increase in the City's proportionate share of the net pension liability of the state retirement system.
- Long-term liabilities decreased by \$425 thousand in the business-type activities from 2018 to 2019. The decrease in the business-type activities was mainly due to scheduled debt principal payments.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Indianola as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City of Indianola as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during this year?" The Statement of Net Position and the Statement of Activities answer this question.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in net position. This change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

(Continued)

City of Indianola, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019

In the Statement of Net Position and the Statement of Activities, all of the City's activities are reported in Governmental Activities and Business-type Activities, which include all of the City's services including police, fire, administration, public works, refuse collection, water and sewer, and all other departments.

The City of Indianola has a component unit reported in the City's financial statements as follows:

Indianola Tourism Commission – The City's mayor and board of aldermen appoint 7 of the 9 board members of the commission and have the authority to approve budgets for the commission. The city petitioned the state legislature to levy a 2% sales tax on restaurant and bar sales and on hotel and motel room charges. The City receives the tourism tax from the Mississippi Department of Revenue and remits the tax to the Indianola Tourism Commission. The tourism taxes are used primarily to support the B.B. King Museum in attracting and serving visitors in the Indianola area.

The above-mentioned discretely presented component unit issues separately audited component unit financial statements. Copies of these statements may be obtained from:

Indianola Tourism Commission
P.O. Box 1132
Indianola, Mississippi 38751
(662) 207-0269

(Continued)

City of Indianola, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Reporting the City of Indianola's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds, which account for the multitude of services provided to the City's residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Indianola, the City's major funds are the General Fund, the Water and Sewer Fund, and the Refuse Collection Fund.

Governmental Funds

All of the City's nonproprietary activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the City's residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The City of Indianola as a Whole

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9.8 million as of September 30, 2019, which results in a positive net position.

GOVERNMENTAL ACTIVITIES

The City's governmental activities account for all of the City's services and activities except for the water and sewer, refuse collection, and mosquito control activities which are reflected as business-type activities.

The following table presents a summary of the City's Governmental Activities net position at September 30, 2019 and 2018, respectively.

(Continued)

City of Indianola, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Governmental Activities Net Position (in thousands)

	2019	2018 (as restated)	Percentage Change
Current assets	\$ 7,859	\$ 7,342	7%
Capital assets, net	<u>8,644</u>	<u>9,282</u>	-7%
Total Assets	<u>16,503</u>	<u>16,624</u>	-1%
 Deferred outflows of resources	 <u>283</u>	 <u>414</u>	 -32%
Current liabilities	463	387	20%
Long-term liabilities	<u>7,877</u>	<u>7,616</u>	3%
Total Liabilities	<u>8,340</u>	<u>8,003</u>	4%
 Deferred inflows of resources	 <u>3,174</u>	 <u>2,971</u>	 7%
 Net Position:			
Net investment in capital assets	8,278	8,858	-7%
Restricted	556	318	75%
Unrestricted	<u>(3,562)</u>	<u>(3,112)</u>	14%
Total Net Position	<u>\$ 5,272</u>	<u>\$ 6,064</u>	-13%

The deferred inflows and outflows of resources both changed in 2019 as a result of the City's participation in the state retirement plan.

The governmental activities' 2019 net investment in capital assets amount was \$8.3 million. Although the City's investment in capital assets is reported net of the related debt, it should be noted that the resources needed to repay this debt must be provided from other sources and not the capital assets themselves.

Additionally, \$566 thousand of the governmental activities' net position was restricted as to the use of these funds. A majority of the restricted net position is expendable for public safety. The governmental activities' unrestricted net position had a negative balance of \$3.6 million.

(Continued)

City of Indianola, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Governmental Activities Changes in Net Position (in thousands)

	2019	2018 (as restated)	Amount Change	Percentage Change
Revenues				
Program Revenues:				
Charges for services	\$ 252	\$ 309	\$ (57)	-18%
Operating grants and contributions	298	205	93	45%
Capital grants and contributions	20	140	(120)	-86%
General Revenues:				
Property taxes	3,298	2,748	550	20%
Local sales tax	474	338	136	40%
Franchise tax	311	299	12	4%
Intergovernmental	2,164	2,547	(383)	-15%
Other	69	41	28	68%
Total Revenues	<u>6,886</u>	<u>6,627</u>	<u>259</u>	4%
Expenses				
General Government	1,097	1,129	(32)	-3%
Public Safety	3,308	3,134	174	6%
Public Works	1,830	1,837	(7)	0%
Culture and Recreation	866	759	107	14%
Health and Welfare	339	324	15	5%
Airport	162	115	47	41%
Interest on Long-Term Debt	12	8	4	50%
Total Expenses	<u>7,614</u>	<u>7,306</u>	<u>308</u>	4%
Change in Net Position before Transfers	(728)	(679)	(49)	7%
Transfers	<u>(64)</u>	<u>52</u>	<u>(116)</u>	-223%
Change in Net Position	(792)	(627)	49	26%
Beginning Net Position, as restated	<u>6,064</u>	<u>6,691</u>	<u>(627)</u>	-9%
Ending Net Position, as restated	<u>\$ 5,272</u>	<u>\$ 6,064</u>	<u>\$ (578)</u>	-13%

(Continued)

City of Indianola, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019

The primary sources of general revenues are property taxes and sales taxes. The State of Mississippi levies a general sales tax of 7% on most retail sales. Of the amount collected by the state, each municipality receives 18.5% of the amount collected within its corporate boundaries. General sales tax was 27% of governmental activities' revenue in fiscal year 2019. The general sales tax revenue of the City in fiscal year 2019 was \$1.84 million, which is a slight increase from the 2018 \$1.80 million amount. Property tax revenue was \$3.3 million in 2019 and was 48% of the governmental activities' revenue. Total governmental activities revenue was \$6.9 million, an increase of 3% from the prior year. The increase was due primarily to increased property taxes and local sales tax.

Governmental activities expenses were \$7.6 million for 2019, an increase of 4% from the prior year. The increase in expenses was primarily the result of a public safety grant for information reporting system upgrades and increased tourism funding for the Indianola Tourism Commission.

BUSINESS-TYPE ACTIVITIES

The City's business-type activities consist of water and sewer, refuse collection, and mosquito control.

The following schedule depicts the net position of the business-type activities.

Business-Type Activities Net Position (in thousands)

	2019	2018 (as restated)	Percentage Change
Current assets	\$ 3,091	\$ 4,051	-24%
Restricted assets	439	428	3%
Capital assets, net	5,474	4,727	16%
Total assets	<u>9,004</u>	<u>9,206</u>	-2%
 Deferred outflows of resources	 <u>213</u>	 <u>249</u>	 -14%
Current liabilities	386	404	-4%
Long-term liabilities	4,300	4,725	-9%
Total liabilities	<u>4,686</u>	<u>5,129</u>	-9%
 Deferred inflows of resources	 <u>39</u>	 <u>28</u>	 39%
 Net position:			
Net investment in capital assets	2,261	572	295%
Unrestricted	2,231	3,658	-39%
Total net position	<u>\$ 4,492</u>	<u>\$ 4,298</u>	5%

The current assets decreased and capital assets increased in 2019 primarily as a result radio-read water meter system improvement project costs paid in 2019.

(Continued)

City of Indianola, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Business-Type Activities Changes in Net Position (in thousands)

	2019	2018 (as restated)	Amount Change	Percentage Change
Revenues				
Program Revenues:				
Charges for services	\$ 2,294	\$ 2,465	\$ (171)	-7%
Capital grants and contributions	115	82	33	40%
General Revenues:				
Other	10	5	5	100%
Total Revenues	<u>2,419</u>	<u>2,552</u>	<u>(133)</u>	-5%
Expenses				
Water and sewer	1,601	1,551	50	3%
Refuse collection	569	574	(5)	-1%
Mosquito control	44	62	(18)	-29%
Total Expenses	<u>2,214</u>	<u>2,187</u>	<u>27</u>	1%
Change in Net Position before Transfers	205	365	(160)	-44%
Transfers	<u>64</u>	<u>(52)</u>	<u>116</u>	-223%
Change in Net Position	269	313	(44)	-14%
Beginning Net Position, as restated	<u>4,223</u>	<u>3,910</u>	<u>313</u>	8%
Ending Net Position, as restated	<u>\$ 4,492</u>	<u>\$ 4,223</u>	<u>\$ 269</u>	6%

Capital grants and contributions increased in 2019 as a result of a sewer improvement project grant.

General Fund Budget Highlights

The City's budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

General Fund revenues were \$222 thousand less than budgeted. General Fund expenditures were \$578 thousand less than budgeted primarily as a result of budgeted public works equipment purchases that were delayed.

(Continued)

City of Indianola, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Capital Assets and Long-Term Debt

The following section shows what the capital assets consist of for both the Governmental and Business- Type Activities at September 30, 2019 and 2018, respectively.

**Capital Assets at September 30, 2019 and 2018
Governmental Activities (in thousands)**

	2019	2018 (as restated)	Change
Land	\$ 698	\$ 698	0%
Construction in progress	498	490	2%
Buildings and improvements	1,477	1,450	2%
Infrastructure	10,049	10,314	-3%
Equipment and vehicles	4,278	4,195	2%
Accumulated depreciation	(8,356)	(7,865)	6%
Total	\$ 8,644	\$ 9,282	-7%

**Capital Assets at September 30, 2019 and 2018
Business-Type Activities (in thousands)**

	2019	2018 (as restated)	Change
Land	\$ 56	\$ 56	0%
Construction in progress	1,066	252	323%
Buildings and improvements	70	70	0%
Infrastructure	14,985	14,467	4%
Equipment and vehicles	886	857	3%
Accumulated depreciation	(11,589)	(10,975)	6%
Total	\$ 5,474	\$ 4,727	16%

Governmental activities infrastructure decreased in 2019 as a result of storm damage at the airport, and the related rebuilding project increased construction in progress.

Business-type activities construction in progress increased in 2019 as a result of the radio-read water meter system improvement project.

(Continued)

City of Indianola, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Long-Term Liabilities

The City's net pension liability increased in 2019 as a result of in the City's participation in the Public Employees Retirement System of Mississippi.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Clerk by telephone at (662) 887-3101 or by mail at City of Indianola, P.O. Box 269, Indianola, MS 38751.

BASIC FINANCIAL STATEMENTS

CITY OF INDIANOLA, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Indianola Tourism Commission
Assets:				
Cash and cash equivalents	\$ 1,841,412	\$ 1,663,751	\$ 3,505,163	\$ 52,993
Certificates of deposit	2,365,129	1,218,980	3,584,109	-
Receivables	3,607,912	208,069	3,815,981	-
Inventory	10,000	-	10,000	-
Prepaid items	35,060	-	35,060	-
Due from primary government	-	-	-	80,741
Restricted cash	-	439,468	439,468	-
Capital assets:				
Land and construction in progress	1,195,386	1,121,986	2,317,372	-
Other capital assets, net of accumulated depreciation	7,448,242	4,351,827	11,800,069	-
Total Assets	16,503,141	9,004,081	25,507,222	133,734
Deferred Outflows of Resources:				
Deferred outflows of resources - refunding bonds	-	173,933	173,933	-
Deferred outflows of resources - pension	283,158	38,833	321,991	-
Total Deferred Outflows of Resources	283,158	212,766	495,924	-
Liabilities:				
Accounts payable	179,578	172,858	352,436	225
Wages and benefits payable	161,422	1,274	162,696	-
Due to other governments	41,869	1,050	42,919	-
Due to component unit	80,741	-	80,741	-
Customer deposits	-	180,768	180,768	-
Accrued interest payable	-	29,807	29,807	-
Long-term liabilities:				
Current portion	181,915	437,170	619,085	-
Noncurrent portion	7,694,868	3,862,737	11,557,605	-
Total Liabilities	8,340,393	4,685,664	13,026,057	225
Deferred Inflows of Resources:				
Unavailable revenue - property taxes levied for subsequent year	3,082,117	-	3,082,117	-
Deferred inflows of resources - pension	91,614	38,843	130,457	-
Total Deferred Inflows of Resources	3,173,731	38,843	3,212,574	-
Net Position:				
Net Investment in Capital Assets	8,278,322	2,261,008	10,539,330	-
Restricted for:				
Debt service	173,168	-	173,168	-
Public safety	362,840	-	362,840	-
Culture and recreation	2,958	-	2,958	-
Unemployment benefits	17,115	-	17,115	-
Unrestricted	(3,562,228)	2,231,332	(1,330,896)	133,509
Total Net Position	\$ 5,272,175	\$ 4,492,340	\$ 9,764,515	\$ 133,509

The accompanying notes are an integral part of these financial statements.

CITY OF INDIANOLA, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT:							Indianola Tourism Commission
Governmental Activities:							
General government	\$ 1,096,847	\$ 41,406	\$ -	\$ -	\$ (1,055,441)	\$ (1,055,441)	
Public safety	3,308,113	122,880	279,685	-	(2,905,548)	(2,905,548)	
Public works	1,830,419	8,928	-	-	(1,821,491)	(1,821,491)	
Culture and recreation	865,587	655	18,193	-	(846,739)	(846,739)	
Health and welfare	338,562	39,159	-	-	(299,403)	(299,403)	
Airport	162,085	38,780	-	20,250	(103,055)	(103,055)	
Interest and fees on long-term debt	12,076	-	-	-	(12,076)	(12,076)	
Total Governmental Activities	7,613,689	251,808	297,878	20,250	(7,043,753)	(7,043,753)	
Business-type Activities:							
Water and sewer	1,600,849	1,746,252	-	115,260	\$ 260,663	260,663	
Refuse collection	568,502	491,381	-	-	(77,121)	(77,121)	
Mosquito control	44,059	56,761	-	-	12,702	12,702	
Total Business-type Activity	2,213,410	2,294,394	-	115,260	196,244	196,244	
Total Primary Government	\$ 9,827,099	\$ 2,546,202	\$ 297,878	\$ 135,510	(7,043,753)	(6,847,509)	
COMPONENT UNIT:							
Indianola Tourism Commission	\$ 464,604	\$ -	\$ 473,660	\$ -		\$ 9,056	
General Revenues:							
Property taxes					3,297,490	3,297,490	
Local sales tax					473,660	473,660	
Franchise taxes based on gross receipts					310,873	310,873	
Intergovernmental grants and shared revenues not restricted to specific programs					2,163,919	2,163,919	
Unrestricted investment income					51,365	51,365	
Gain on capital asset sales and disposals					18,837	18,837	
Transfers					(63,826)	63,826	
Total General Revenues and Transfers					6,252,318	73,327	
Change in Net Position					(791,435)	269,571	9,056
Net Position - Beginning, as restated					6,063,610	4,222,769	124,453
Net Position - Ending					\$ 5,272,175	\$ 4,492,340	\$ 133,509

The accompanying notes are an integral part of these financial statements.

CITY OF INDIANOLA, MISSISSIPPI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash	\$ 1,244,588	\$ 596,824	\$ 1,841,412
Certificates of deposit	2,345,044	20,085	2,365,129
Receivables	3,527,171	80,741	3,607,912
Inventory	10,000	-	10,000
Total Assets	<u>\$ 7,126,803</u>	<u>\$ 697,650</u>	<u>\$ 7,824,453</u>
Liabilities:			
Accounts payable	\$ 171,652	\$ 7,926	\$ 179,578
Wages and benefits payable	161,422	-	161,422
Due to other governments	41,869	-	41,869
Due to component unit	-	80,741	80,741
Total Liabilities	<u>374,943</u>	<u>88,667</u>	<u>463,610</u>
Deferred Inflows of Resources:			
Unavailable revenue - property taxes levied for subsequent year	<u>3,082,117</u>	<u>-</u>	<u>3,082,117</u>
Total Deferred Inflows of Resources	<u>3,082,117</u>	<u>-</u>	<u>3,082,117</u>
Fund Balances:			
Nonspendable:			
Inventory	10,000	-	10,000
Restricted for:			
Fire protection	362,840	-	362,840
Culture and recreation	-	2,958	2,958
Unemployment benefits	17,115	-	17,115
Debt service	-	173,168	173,168
Committed for:			
Airport		303,281	303,281
Assigned to:			
Capital projects	-	129,576	129,576
Unassigned	<u>3,279,788</u>	<u>-</u>	<u>3,279,788</u>
Total Fund Balances	<u>3,669,743</u>	<u>608,983</u>	<u>4,278,726</u>
Total Liabilities and Fund Balances	<u>\$ 7,126,803</u>	<u>\$ 697,650</u>	<u>\$ 7,824,453</u>

The accompanying notes are an integral part of these financial statements.

CITY OF INDIANOLA, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total fund balances - governmental funds	\$ 4,278,726
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,643,628
Prepaid expenses are not financial resources and are not reflected in the funds.	35,060
Deferred outflows and inflows of resources related to the pension plan are applicable to future periods and therefore are not reported in the funds:	
Deferred outflows of resources related to the pension plan	283,158
Deferred inflows of resources related to the pension plan	(91,614)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Capital leases payable	(342,806)
Compensated absences payable	(85,955)
Net pension liability	<u>(7,448,022)</u>
Net position of governmental activities	<u>\$ 5,272,175</u>

The accompanying notes are an integral part of these financial statements.

CITY OF INDIANOLA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 3,297,490	\$ -	\$ 3,297,490
Local sales tax	-	473,660	473,660
Franchise taxes	310,873	-	310,873
Licenses and permits	38,516	-	38,516
Intergovernmental	2,468,724	13,193	2,481,917
Fines and forfeitures	104,520	-	104,520
Charges for services	69,991	38,780	108,771
Investment income	51,050	316	51,366
Donations	130	-	130
Total Revenues	<u>6,341,294</u>	<u>525,949</u>	<u>6,867,243</u>
Expenditures:			
Current:			
General government	1,002,670	665	1,003,335
Public safety	3,037,660	-	3,037,660
Public works	1,376,083	1,247	1,377,330
Culture and recreation	356,504	482,280	838,784
Health and welfare	310,446	-	310,446
Airport	-	38,057	38,057
Debt Service:			
Principal	134,969	-	134,969
Interest and fees	12,075	-	12,075
Capital outlay:			
Public safety	88,696	-	88,696
Public works	-	46,884	46,884
Health and welfare	6,929	-	6,929
Airport	22,500	343,127	365,627
Total Expenditures	<u>6,348,532</u>	<u>912,260</u>	<u>7,260,792</u>
Excess of Expenditures Over Revenues	<u>(7,238)</u>	<u>(386,311)</u>	<u>(393,549)</u>
Other Financing Sources (Uses):			
Property damage insurance proceeds	18,837	554,705	573,542
Transfers from other funds	-	55,697	55,697
Transfers to other funds	(119,523)	-	(119,523)
Total Other Financing Sources (Uses)	<u>(100,686)</u>	<u>610,402</u>	<u>509,716</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(107,924)	224,091	116,167
Fund Balances:			
Fund Balances - Beginning	3,777,667	384,892	4,162,559
Fund Balances - Ending	<u>\$ 3,669,743</u>	<u>\$ 608,983</u>	<u>\$ 4,278,726</u>

The accompanying notes are an integral part of these financial statements.

CITY OF INDIANOLA, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds	\$ 116,167
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Amounts reported for governmental activities in the Statement of Activities are different because:

Prepaid expenses are reported as expenditures in the governmental funds when paid since they require the use of current financial resources.	(37,504)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these capital assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlays on the fund statements	508,136
Depreciation expense on the Statement of Activities	(591,938)
Remaining undepreciated cost removed upon sale or disposal of capital assets on the Statement of Activities	(554,705)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Principal payments on long-term debt	134,969
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Following are the changes in these accrued expenses:

Accrued compensated absences	7,156
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The Statement of Activities reports pension expense and other activity related to changes in the net pension liability and the related deferred inflows and outflows of resources.

	(373,716)
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Change in net position of governmental activities - Statement of Activities	\$ (791,435)
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The accompanying notes are an integral part of these financial statements.

CITY OF INDIANOLA, MISSISSIPPI
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Water and Sewer Fund	Refuse Collection Fund	Nonmajor Fund Mosquito Fund	Total Enterprise Funds
Assets:				
Current Assets:				
Cash	\$ 1,556,387	\$ -	\$ 107,364	\$ 1,663,751
Certificates of deposit	1,218,980	-	-	1,218,980
Accounts receivable	155,208	46,626	6,235	208,069
Total Current Assets	<u>2,930,575</u>	<u>46,626</u>	<u>113,599</u>	<u>3,090,800</u>
Noncurrent Assets:				
Restricted cash	439,468	-	-	439,468
Capital assets:				
Land	55,665	-	-	55,665
Construction in progress	1,066,321	-	-	1,066,321
Depreciable capital assets, net	4,347,251	-	4,576	4,351,827
Total Noncurrent Assets	<u>5,908,705</u>	<u>-</u>	<u>4,576</u>	<u>5,913,281</u>
Total Assets	<u>8,839,280</u>	<u>46,626</u>	<u>118,175</u>	<u>9,004,081</u>
Deferred Outflows of Resources				
Deferred outflows of resources - refunding bonds	173,933	-	-	173,933
Deferred outflows of resources - pension	35,739	-	3,094	38,833
Total Deferred Outflows of Resources	<u>209,672</u>	<u>-</u>	<u>3,094</u>	<u>212,766</u>
Liabilities:				
Current Liabilities:				
Accounts payable	125,490	47,368	-	172,858
Wages and benefits payable	1,274	-	-	1,274
Due to other governments	1,050	-	-	1,050
Capital leases payable, current portion	4,645	-	-	4,645
Compensated absences, current portion	4,970	-	-	4,970
Total Current Liabilities Payable from Unrestricted Assets	<u>137,429</u>	<u>47,368</u>	<u>-</u>	<u>184,797</u>
Current liabilities payable from restricted assets:				
Customer deposits	180,768	-	-	180,768
Bonds payable, current portion	427,555	-	-	427,555
Accrued interest payable	29,807	-	-	29,807
Total Current Liabilities Payable from Restricted Assets	<u>638,130</u>	<u>-</u>	<u>-</u>	<u>638,130</u>
Total Current Liabilities	<u>775,559</u>	<u>47,368</u>	<u>-</u>	<u>822,927</u>
Noncurrent Liabilities:				
Bonds payable	3,105,332	-	-	3,105,332
Capital leases payable	6,819	-	-	6,819
Compensated absences	4,971	-	-	4,971
Net pension liability	735,962	-	9,653	745,615
Total Noncurrent Liabilities	<u>3,853,084</u>	<u>-</u>	<u>9,653</u>	<u>3,862,737</u>
Total Liabilities	<u>4,628,643</u>	<u>47,368</u>	<u>9,653</u>	<u>4,685,664</u>
Deferred Inflows of Resources				
Deferred inflows of resources - pension	16,720	-	22,123	38,843
Total Deferred Inflows of Resources	<u>16,720</u>	<u>-</u>	<u>22,123</u>	<u>38,843</u>
Net Position:				
Net investment in capital assets	2,256,432	-	4,576	2,261,008
Unrestricted	2,147,157	(742)	84,917	2,231,332
Total Net Position	<u>\$ 4,403,589</u>	<u>\$ (742)</u>	<u>\$ 89,493</u>	<u>\$ 4,492,340</u>

The accompanying notes are an integral part of these financial statements.

CITY OF INDIANOLA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water and Sewer Fund	Refuse Collection Fund	Nonmajor Fund Mosquito Fund	Total Enterprise Funds
Operating Revenues:				
Sales to customers	\$ 1,717,212	\$ 491,381	\$ 56,761	\$ 2,265,354
Rent	29,040	-	-	29,040
Total Operating Revenues	<u>1,746,252</u>	<u>491,381</u>	<u>56,761</u>	<u>2,294,394</u>
Operating Expenses:				
Personnel services	429,404	-	1,257	430,661
Supplies and materials	98,431	-	4,988	103,419
Other services and charges	302,227	568,502	35,186	905,915
Depreciation	610,529	-	2,628	613,157
Total Operating Expenses	<u>1,440,591</u>	<u>568,502</u>	<u>44,059</u>	<u>2,053,152</u>
Operating Income (Loss)	<u>305,661</u>	<u>(77,121)</u>	<u>12,702</u>	<u>241,242</u>
Non-Operating Revenues (Expenses):				
Investment interest	9,501	-	-	9,501
Interest and debt-related fees expense	(160,258)	-	-	(160,258)
Total Non-Operating Revenues (Expenses)	<u>(150,757)</u>	<u>-</u>	<u>-</u>	<u>(150,757)</u>
Income (Loss) before Capital Grants and Transfers	154,904	(77,121)	12,702	90,485
Capital Grants	115,260	-	-	115,260
Transfers from Other Funds	<u>-</u>	<u>63,826</u>	<u>-</u>	<u>63,826</u>
Change in Net Position	270,164	(13,295)	12,702	269,571
Net Position:				
Beginning, as restated	4,133,425	12,553	76,791	4,222,769
Ending	<u>\$ 4,403,589</u>	<u>\$ (742)</u>	<u>\$ 89,493</u>	<u>\$ 4,492,340</u>

The accompanying notes are an integral part of these financial statements.

CITY OF INDIANOLA, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water and Sewer Fund	Refuse Collection Fund	Nonmajor Fund Mosquito Fund	Total Enterprise Funds
Cash Flows from Operating Activities:				
Receipts from customers	\$ 1,800,630	\$ 496,521	\$ 58,600	\$ 2,355,751
Payments to employees for salaries and benefits	(404,573)	-	(5,116)	(409,689)
Payments to suppliers and service providers	(405,518)	(568,594)	(48,528)	(1,022,640)
Net Cash Provided by (Used for) Operating Activities	<u>990,539</u>	<u>(72,073)</u>	<u>4,956</u>	<u>923,422</u>
Cash Flows from Non-capital Financing Activities:				
Transfers from other funds	-	63,826	-	63,826
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>63,826</u>	<u>-</u>	<u>63,826</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition or construction of capital assets	(1,434,787)	-	-	(1,434,787)
Capital grants	197,202	-	-	197,202
Principal paid on capital debt	(424,512)	-	-	(424,512)
Interest and fees paid on capital debt	(138,726)	-	-	(138,726)
Net Cash Used for Capital & Related Financing Activities	<u>(1,800,823)</u>	<u>-</u>	<u>-</u>	<u>(1,800,823)</u>
Cash Flows from Investing Activities:				
Purchases of certificates of deposit	(9,981)	-	-	(9,981)
Proceeds from certificate of deposit maturities	619,906	-	-	619,906
Investment interest received	9,981	-	-	9,981
Net Cash Provided by Investing Activities	<u>619,906</u>	<u>-</u>	<u>-</u>	<u>619,906</u>
Net Increase (Decrease) in Cash	(190,378)	(8,247)	4,956	(193,669)
Cash at Beginning of Year	<u>2,186,233</u>	<u>8,247</u>	<u>102,408</u>	<u>2,296,888</u>
Cash at End of Year	<u>\$ 1,995,855</u>	<u>\$ -</u>	<u>\$ 107,364</u>	<u>\$ 2,103,219</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 305,661	\$ (77,121)	\$ 12,702	\$ 241,242
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:				
Depreciation	610,529	-	2,628	613,157
(Increase) decrease in:				
Accounts receivable	55,406	5,140	1,839	62,385
Deferred outflows of resources - pension	7,691	-	4,019	11,710
Increase (decrease) in:				
Accounts payable	(4,860)	(92)	(8,354)	(13,306)
Wages and benefits payable	1,274	-	-	1,274
Due to other governments	(1,028)	-	-	(1,028)
Compensated absences	(3,400)	-	-	(3,400)
Net pension liability	29,597	-	(28,876)	721
Deferred inflows of resources - pension	(10,331)	-	20,998	10,667
Total Adjustments	<u>684,878</u>	<u>5,048</u>	<u>(7,746)</u>	<u>682,180</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 990,539</u>	<u>\$ (72,073)</u>	<u>\$ 4,956</u>	<u>\$ 923,422</u>

The accompanying notes are an integral part of these financial statements.

CITY OF INDIANOLA, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water and Sewer Fund	Refuse Collection Fund	Nonmajor Fund Mosquito Fund	Total Enterprise Funds
Non-Cash Capital and Related Financing Activities:				
Accounts payable for capital assets at year end	\$ 101,087	\$ -	\$ -	\$ 101,087
Summary of Cash at End of Year:				
Cash	\$ 1,556,387	\$ -	\$ 107,364	\$ 1,663,751
Restricted cash	439,468	-	-	439,468
Total Cash at End of Year	\$ 1,995,855	\$ -	\$ 107,364	\$ 2,103,219

The accompanying notes are an integral part of these financial statements.

City of Indianola, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The City of Indianola, Mississippi (the City) is incorporated under the provisions of Mississippi Law. The City is governed by its Mayor and a Board of Aldermen form of government and provides services authorized by its charter. The City was formed in 1886 and presently operates under a special charter issued by the State Legislature in 1890. The City of Indianola's major operations include public welfare and social services, civil and criminal justice systems, an airport, road and bridge maintenance, refuse collection, and general administrative services. In addition, a water and sewer system is operated by the City.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The more significant accounting policies established in GAAP and used by the City are discussed below.

COMPONENT UNITS

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Indianola (the primary government) and any component units thereof. Component units must either be (1) a legally separate organization for which the elected officials of the primary government are financially accountable or (2) another organization for which the nature and significance of its relationship with the primary government is such that exclusion would cause the City of Indianola's financial statements to be misleading or incomplete. Based upon the application of these criteria, the component unit that is discretely presented in these financial statements is as follows:

Indianola Tourism Commission – The City's Mayor and board of alderman appoint 7 of the 9 board members of the commission and have the authority to approve budgets for the commission. The City petitioned the state legislature to levy 2% sales tax on restaurant and bar sales and on hotel and motel room charges. The City receives the tourism tax from the Mississippi Department of Revenue and remits the tax to the Indianola Tourism Commission. The tourism taxes are used primarily to support the B.B. King Museum in attracting and serving visitors in the Indianola area. The financial statements of the Indianola Tourism Commission are audited annually and may be obtained by contacting the Indianola Tourism Commission at P.O. Box 1132, Indianola, MS 38751.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. In the financial reporting model, the focus is on either the City as a whole, or major individual funds (within the fund financial statements). The Water and Sewer Fund, Refuse Collection Fund, and Mosquito Fund are classified as business-type activities in the government-wide financial statements and as proprietary enterprise funds in the fund financial statements. Both the government-wide and fund financial statements categorize the City's remaining activities as governmental type. The government-wide financial statements are presented on a full accrual basis using the economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt, deferred outflows and inflows of resources, and long-term obligations.

The government-wide Statement of Activities reflects both the gross and net costs per functional category (Public Safety, Public Works, etc.), which are otherwise being supported by general government revenues (property taxes, intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants and capital grants. The program revenues must be directly associated with the function (Public Safety, Public Works, etc.). These include charges for certain services that are provided by the City (e.g., permits, licenses, inspection fees) and that are associated with the particular function. The program revenues also include grants received from federal, as well as state, sources to be used for operating or capital purposes. The operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The net cost (by function) is normally covered by general revenues (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs to functions.

This government-wide presentation is more focused on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds. All non-major funds are combined and presented in a single column as other governmental funds.

The governmental funds' statements in the fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each governmental fund statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The revenues and expenses of the proprietary funds are classified as operating and nonoperating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' primary operations. All other revenues and expenses are reported as nonoperating.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The focus of government-wide financial statements is on the City as a whole. The focus of the fund financial statements is on the major governmental and proprietary funds. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

C. BASIS OF PRESENTATION

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City, is considered particularly important to users, or meets the following criteria:

- A. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- B. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is used to account for all activities except those which are legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for certain purposes.

Debt Service Funds

Debt service funds account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City other than debt service payments made by enterprise funds.

Capital Project Funds

Capital project funds are used to account for resources restricted for the acquisition of specific capital projects other than those financed by enterprise funds.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

1. Major Governmental Funds

The following is a description of the major governmental fund of the City:

General Fund – The General Fund is the general operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenses and capital improvement costs that are not paid through other funds are paid from this fund.

2. Major Proprietary Funds

The following is a description of the major proprietary funds of the City:

Water and Sewer – The Water and Sewer Fund is used to account for the operation of the City's water and sewer system, which is supported by user charges.

Refuse Collection – The Refuse Collection Fund is used to account for the operation of the City's garbage system, which is supported by user charges.

D. BASIS OF PRESENTATION

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the fund statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide Statement of Net Position and Statement of Activities and the proprietary fund statements are accounted for using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these activities are included in the financial statements.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The governmental fund financial statements are maintained on the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. The term “available” is limited to amounts collectible within sixty days after the fiscal year end. Property taxes levied for use in the subsequent year are levied prior to the fiscal year-end but are reflected as deferred inflows or resources since they are not available for use in the current year. Interest income is recorded as it is earned. Federal and State reimbursement type grants are recorded as revenue when related eligible expenditures are met.

Franchise and utility taxes, state revenue sharing, and charges for services associated with the current period are considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period if they meet the availability criteria.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed.

E. ENCUMBRANCES

An encumbrance system is maintained to account for commitments resulting from approved purchase orders, work orders and contracts. All encumbrances lapse at year-end; accordingly, no encumbrances were outstanding at the fiscal year end.

F. BUDGETS AND BUDGETARY INFORMATION

All funds of the City are budgeted, and budgetary appropriations lapse at year-end. The budgets are adopted annually in September by the Mayor and the Board of Aldermen, and subsequent amendments are made during the fiscal year upon the approval of the Mayor and Board of Aldermen.

All amendments to the budget at the legal level of control must be approved by the City’s Mayor and Board of Aldermen.

Expenditures other than capital outlay, elections, and emergency expenditures may not legally exceed budgeted appropriations at the purpose level (e.g., personnel services; other services and charges; supplies and materials; grants, subsidies and allocations; capital outlay; and debt service) within each department.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. FUND BALANCES

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound by constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the City:

Nonspendable fund balance includes assets that are not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and assets that are legally or contractually required to remain intact.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes, pursuant to constraints imposed by a formal action of the Mayor and Board of Aldermen, the City's highest level of decision-making authority.

Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the City's city clerk pursuant to authorization under the policies adopted by the City.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

H. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of amounts on deposit with financial institutions, petty cash, and certificates of deposit with maturity dates within 90 days of the date acquired by the City.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. INVENTORY AND PREPAID ITEMS

The inventory of gasoline is stated at cost, calculated on the first-in, first-out basis, and is recognized using the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in the government-wide financial statements, but prepaid items are expensed when paid in the governmental fund financial statements.

J. ACCOUNTS RECEIVABLE

Accounts receivable are reported in the government-wide Statement of Net Position and the governmental funds Balance Sheet net of allowances for uncollectible amounts.

K. INTERFUND TRANSACTIONS AND BALANCES

In general, eliminations have been made within the financial statements to minimize the double counting of internal activity. However, interfund services provided and used between different functional categories have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Transfers between governmental and business-type activities are reported at the net amount in the government-wide financial statements.

In the fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund. Reimbursements of the expenditure/expenses made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund.

Transfers represent flows of assets between funds of the primary government without equivalent flows of assets in return and without a requirement for payment.

Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities.

L. CAPITAL ASSETS

In the governmental funds, the costs incurred for the purchase or construction of capital assets are recorded as capital outlay expenditures.

Capital assets are reported in the government-wide financial statements at actual or estimated historical cost based on appraisals or deflated current replacement cost. Donated assets are reported at estimated fair value at the time received.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the statement of activities.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset account) and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are summarized below.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Capitalization Threshold</u>	<u>Years Life</u>	<u>Salvage value</u>
Buildings	\$50,000	40	20%
Improvements other than buildings	\$25,000	20	20%
Heavy machinery and equipment	\$5,000	10	10%
Computer equipment & peripherals	\$5,000	3	1%
Furniture and fixtures	\$5,000	7	10%
Vehicles and equipment	\$5,000	5	10%
Infrastructure	N/A	20-50	0-30%

M. LONG-TERM DEBT DISCOUNTS, PREMIUMS, AND ISSUANCE COSTS

In the governmental fund financial statements, long-term debt discounts, premiums, and issuance costs related to long-term debt are treated as period costs in the year of debt issuance.

In the proprietary funds and government-wide financial statements, long-term debt discounts and premiums are amortized over the term of the related long-term debt, using the effective interest method. The discounts and premiums are presented as a reduction or increase, respectively, of the face amount of the long-term debt. Debt issuance costs are reported as expenses in the year of the debt issuance. Gains (losses) on debt refundings are reported as deferred inflows/outflows of resources.

N. COMPENSATED ABSENCES

Upon termination of employment, the City provides payment of accrued personal leave, up to a maximum of 240 hours, to the departing employee. No payment for medical leave is allowed absent the required evidence of such need.

Unpaid personal leave expected to be paid from the governmental activities is reported under long-term liabilities as "Compensated Absences." Similar amounts related to the Proprietary Funds are accrued in the Enterprise Funds. Typically, the Compensated Absences liability of the governmental activities has been paid from the General Fund.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The respective liabilities are computed utilizing the specific identification method (i.e., each employee's actual accumulated personal leave days are multiplied by the applicable actual hourly pay rate). Compensated absences liabilities are not reported in the governmental funds because they are not a fund liability until payment is due.

O. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the financial statements will sometimes report a separate section for Deferred Outflows of Resources. This separate financial statement element represents a consumption of net position that applies to a future period and, consequently, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources related to pensions and long-term debt refundings.

In addition to liabilities, the financial statements will sometimes report a separate section for Deferred Inflows of Resources. This separate financial statement element represents an acquisition of net position that applies to a future period and, consequently, will not be recognized as an inflow of resources (revenue) until then. The City has deferred inflows of resources related to pensions and property taxes levied for use in the subsequent year.

P. NET POSITION

Equity is classified as Net Position and is displayed in three components:

1. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, notes, or other borrowings attributable to the acquisition, construction or improvements of those assets.
2. Restricted net position - Consists of net position with constraints placed on use by external groups, such as creditors, grantors or contributors, by laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.
3. Unrestricted net position – Consists of all net position not meeting the definition of “net investment in capital assets” or “restricted net position”.

Net Position Flow Assumption: When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's general policy to use restricted resources first.

Q. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows and inflows of resources, and disclosures. Actual results could differ from those estimates.

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS

A. Deposits

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds that are properly classified as public funds by the financial institution are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits that are classified as public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. The City's deposits are categorized to provide an indication of the level of risk assumed by the City at fiscal year-end.

The carrying amount of the City's deposits (including certificates of deposit) with financial institutions was \$7,581,733 at September 30, 2019, and the bank balance was \$7,911,199. The difference between the carrying amount and the bank balance results primarily from outstanding checks that have not yet cleared the bank.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a financial institution's failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Mississippi State Treasurer manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2019, none of the City's bank balance was exposed to custodial credit risk.

B. Investments

As of September 30, 2019, the City's investments consisted of certificates of deposit that are reported at cost.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's investment policy is limited to complying with the State's investment statutes. The State law has not addressed interest rate risk. The City uses the specific identification method to disclose interest rate risk. Under this method, the City's investments consist of certificates of deposit with maturities of less than one year.

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS – Continued

Credit Risk. Pursuant to state statute, the City is allowed to invest excess funds in: (1) direct obligations of the United States of America, the State of Mississippi, or a county or municipality of Mississippi; (2) obligations issued or guaranteed in full as to principal and interest by the United States of America and which are subject to a repurchase agreement with a qualified depository; (3) interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds.

C. Restricted cash

Restricted cash in the Water and Sewer Fund consisted of the following at September 30, 2019:

Revenue bonds debt service fund	\$ 30,200
Revenue bonds debt service reserve fund	<u>228,500</u>
	258,700
Customer meter deposits	<u>180,768</u>
	<u>\$ 439,468</u>

NOTE 3. INTERFUND TRANSFERS

Transfers between funds consisted of the following for years ended September 30, 2019:

Transfer Out	Transfer In		Totals
	Nonmajor Capital Project Funds	Refuse Collection Fund	
General Fund	\$ 55,697	\$ 63,826	\$ 119,523

Transfers were to provide funds for capital projects and to subsidize the Refuse Collection Fund.

(Continued)

NOTE 4. RECEIVABLES

Receivables at September 30, 2019, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Refuse Collection Fund	Mosquito Fund	Totals
Property taxes	\$ 3,122,659	\$ -	\$ -	\$ -	\$ -	\$ 3,122,659
Sales taxes	315,153	80,741	-	-	-	395,894
Franchise taxes	82,934	-	-	-	-	82,934
Federal and state grants	4,400	-	-	-	-	4,400
User charges	-	-	1,098,341	130,695	6,235	1,235,271
Other	2,025	-	-	-	-	2,025
Gross receivables	3,527,171	80,741	1,098,341	130,695	6,235	4,843,183
Allowance for uncollectible amounts	-	-	(943,133)	(84,069)	-	(1,027,202)
Net receivables	\$ 3,527,171	\$ 80,741	\$ 155,208	\$ 46,626	\$ 6,235	\$ 3,815,981

Revenues are reported net of uncollectible amounts. The uncollectible amounts netted from revenue of the Water and Sewer Fund and the Refuse Collection Fund were \$74,864 and \$40,819 respectively, for the year ended September 30, 2019.

Deferred inflows of resources related to the receivables consisted of the following at September 30, 2019:

	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Refuse Collection Fund	Mosquito Fund	Totals
Property taxes levied for the subsequent year	\$ 3,082,117	\$ -	\$ -	\$ -	\$ -	\$ 3,082,117

NOTE 5. PROPERTY TAXES

Property taxes on real and personal property, exclusive of automobiles, that is held on January 1 of a given year is assessed for taxation in the ensuing calendar year. This tax levy, which establishes a lien against the underlying property, is made by the City in its September board meeting. The taxes thus assessed are due and payable in the following year, as follows:

- 1st installment (50%) on or before February 1st
- 2nd installment (25%) on or before May 1st
- Final installment (25%) on or before August 1st

If taxes remain unpaid, the property subject to a tax lien is sold for taxes on the fourth Monday of August.

(Continued)

NOTE 5. PROPERTY TAXES – Continued

Tax millage levy for the year ended September 30, 2019, was as follows:

General Fund	<u>50.00</u>
Total mills	<u>50.00</u>

NOTE 6. CAPITAL ASSETS

Capital asset activity of the primary government for the year ended September 30, 2019, was as follows:

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 697,712	\$ -	\$ -	\$ 697,712
Construction in progress	490,242	397,903	(390,471)	497,674
Total non-depreciable capital assets	<u>1,187,954</u>	<u>397,903</u>	<u>(390,471)</u>	<u>1,195,386</u>
Depreciable capital assets:				
Buildings and improvements	1,450,256	26,903	-	1,477,159
Infrastructure	10,314,278	390,471	(655,277)	10,049,472
Equipment and vehicles	4,194,590	83,330	-	4,277,920
Total depreciable capital assets	<u>15,959,124</u>	<u>500,704</u>	<u>(655,277)</u>	<u>15,804,551</u>
Less accumulated depreciation for:				
Buildings and improvements	508,695	32,010	-	540,705
Infrastructure	4,166,700	411,388	(100,572)	4,477,516
Equipment and vehicles	3,189,548	148,540	-	3,338,088
Total accumulated depreciation	<u>7,864,943</u>	<u>591,938</u>	<u>(100,572)</u>	<u>8,356,309</u>
Total depreciable capital assets, net	<u>8,094,181</u>	<u>(91,234)</u>	<u>(554,705)</u>	<u>7,448,242</u>
Governmental activities capital assets, net	<u>\$ 9,282,135</u>	<u>\$ 306,669</u>	<u>\$(945,176)</u>	<u>\$ 8,643,628</u>

The City received property damage insurance claim proceeds of \$554,705 in the year ended September 30, 2019, as a result of storm damage to infrastructure at the airport. The City recognized a capital asset impairment of \$554,705 as a result of the storm damage, and construction in progress at September 30, 2019, includes the airport project to reconstruct the damaged infrastructure.

(Continued)

NOTE 6. CAPITAL ASSETS - Continued

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Business-Type Activities:				
Non-depreciable capital assets:				
Land	\$ 55,665	\$ -	\$ -	\$ 55,665
Construction in progress	252,073	1,332,010	(517,762)	1,066,321
Total non-depreciable capital assets	307,738	1,332,010	(517,762)	1,121,986
Depreciable capital assets:				
Buildings and improvements	70,000	-	-	70,000
Infrastructure	14,466,914	517,762	-	14,984,676
Equipment and vehicles	857,570	28,226	-	885,796
Total depreciable capital assets	15,394,484	545,988	-	15,940,472
Less accumulated depreciation for:				
Buildings and improvements	56,000	-	-	56,000
Infrastructure	10,200,798	585,894	-	10,786,692
Equipment and vehicles	718,690	27,263	-	745,953
Total accumulated depreciation	10,975,488	613,157	-	11,588,645
Total depreciable capital assets, net	4,418,996	(67,169)	-	4,351,827
Business-type activities capital assets, net	\$ 4,726,734	\$ 1,264,841	\$ (517,762)	\$ 5,473,813

Depreciation expense for the year ended September 30, 2019, was charged to functions as follows:

Governmental Activities:

General government	\$ 10,345
Public safety	65,875
Public works	368,929
Culture and recreation	14,906
Health and welfare	7,854
Airport	124,028
Total depreciation - governmental activities	<u>\$ 591,937</u>

Business-Type Activities:

Water and sewer	\$ 610,529
Mosquito control	2,628
Total depreciation - business-type activities	<u>\$ 613,157</u>

(Continued)

NOTE 6. CAPITAL ASSETS – Continued

Construction in progress at September 30, 2019, consisted of the following:

	Spent through September 30, 2019	Remaining Commitment
Governmental Activities:		
Street projects	\$ 146,655	\$ -
Airport projects	351,019	189,500
	<u>\$ 497,674</u>	<u>\$ 189,500</u>
Business-Type Activities:		
Radio-read water meter system project	<u>\$ 1,066,321</u>	<u>\$ 126,269</u>

NOTE 7. LONG-TERM LIABILITIES

Following is a summary of changes in the primary government's long-term liabilities for the year ended September 30, 2019:

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due within one year
Governmental Activities:					
Capital Lease Obligations	\$ 477,775	\$ -	\$ (134,969)	\$ 342,806	\$ 138,937
Total Long-Term Debt Payable	477,775	-	(134,969)	342,806	138,937
Compensated Absences Payable	93,111	-	(7,156)	85,955	42,978
Net Pension Liability	7,044,825	403,197	-	7,448,022	-
Total Long-Term Liabilities, Governmental Activities	<u>\$7,615,711</u>	<u>\$ 403,197</u>	<u>\$ (142,125)</u>	<u>\$ 7,876,783</u>	<u>\$ 181,915</u>

The compensated absences payable and net pension liability of the governmental activities are typically paid by the General Fund.

(Continued)

NOTE 7. LONG-TERM LIABILITIES - Continued

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due within one year
Business-Type Activities:					
General Obligation Water Sewer Bonds	\$2,540,000	\$ -	\$ (290,000)	\$ 2,250,000	\$ 295,000
Water and Sewer Revenue Bonds	1,430,000	-	(130,000)	1,300,000	135,000
Bond Discounts	(19,557)	-	2,444	(17,113)	(2,445)
Total Bonds Payable	3,950,443	-	(417,556)	3,532,887	427,555
Capital Lease Obligations	15,976	-	(4,512)	11,464	4,645
Total Long-Term Debt Payable	3,966,419	-	(422,068)	3,544,351	432,200
Compensated Absences Payable	13,341	-	(3,400)	9,941	4,970
Net Pension Liability	744,894	721	-	745,615	-
Total Long-Term Liabilities, Business-Type Activities	\$4,724,654	\$ 721	\$ (425,468)	\$ 4,299,907	\$ 437,170

The primary government's long-term debt outstanding at September 30, 2019, consists of the following:

	Date of Obligation	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2019
Governmental Activities:					
Capital Lease Obligations:					
Vehicles	5/25/2018	3/1/2022	2.90%	\$ 200,206	\$ 131,599
Equipment	5/25/2018	3/1/2022	2.90%	321,379	211,207
Total Capital Lease Obligations, Governmental Activities					<u>\$ 342,806</u>
Business-Type Activities:					
Bonds:					
General Obligation Water & Sewer Refunding Bonds, Series 2011	12/20/2011	7/1/2026	2.00 - 3.625%	\$ 4,525,000	\$2,250,000
Water & Sewer Revenue Refunding Bonds, Series 2011	12/20/2011	7/1/2026	2.00 - 3.80%	\$ 2,285,000	1,300,000
Bond discounts					(17,113)
Total Bonds, Business-Type Activities					<u>\$3,532,887</u>
Capital Lease Obligations:					
Vehicles	5/25/2018	3/1/2022	2.90%	\$ 17,438	\$ 11,464
Total Capital Lease Obligations, Business-Type Activities					<u>\$ 11,464</u>

(Continued)

NOTE 7. LONG-TERM LIABILITIES - Continued

The City has financed the acquisition of certain equipment and vehicles through lease agreements that qualify as capital leases for accounting purposes. Therefore, the leases have been recorded as capital lease obligations at the present value of the future minimum lease payments as of the date of their inception. Amortization of the capital lease assets is included in depreciation expense. As of September 30, 2019, the capital lease assets and related accumulated depreciation were as follows:

	Cost	Accumulated Depreciation	Net
Governmental activities	\$ 550,600	\$ (110,831)	\$ 439,769
Business-type activities	18,390	(5,241)	13,149
	<u>\$ 568,990</u>	<u>\$ (116,072)</u>	<u>\$ 452,918</u>

The annual requirements to amortize the primary government's long-term debt outstanding at September 30, 2019, including interest, by source of retirement are as follows:

General Fund:

Year Ending September 30,	Capital Lease Obligations		
	Principal	Interest	Total
2020	\$ 138,937	\$ 8,108	\$ 147,045
2021	143,020	4,025	147,045
2022	60,849	420	61,269
Total	<u>\$ 342,806</u>	<u>\$ 12,553</u>	<u>\$ 355,359</u>

Enterprise Fund - Water and Sewer Fund:

Year Ending September 30,	General Obligation Water Sewer Refunding Bonds			Water Sewer Revenue Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 295,000	\$ 73,025	\$ 368,025	\$ 135,000	\$ 46,201	\$ 181,201
2021	305,000	64,175	369,175	140,000	41,983	181,983
2022	310,000	55,025	365,025	145,000	37,433	182,433
2023	320,000	45,725	365,725	155,000	32,539	187,539
2024	330,000	35,725	365,725	155,000	27,114	182,114
2025-2026	690,000	37,275	727,275	570,000	36,884	606,884
Total	<u>\$ 2,250,000</u>	<u>\$ 310,950</u>	<u>\$ 2,560,950</u>	<u>\$ 1,300,000</u>	<u>\$ 222,154</u>	<u>\$ 1,522,154</u>

Year Ending September 30,	Capital Lease Obligations			Total		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 4,645	\$ 266	\$ 4,911	\$ 434,645	\$ 119,492	\$ 554,137
2021	4,781	130	4,911	449,781	106,288	556,069
2022	2,038	9	2,047	457,038	92,467	549,505
2023	-	-	-	475,000	78,264	553,264
2024	-	-	-	485,000	62,839	547,839
2025-2026	-	-	-	1,260,000	74,159	1,334,159
Total	<u>\$ 11,464</u>	<u>\$ 405</u>	<u>\$ 11,869</u>	<u>\$ 3,561,464</u>	<u>\$ 533,509</u>	<u>\$ 4,094,973</u>

(Continued)

NOTE 7. LONG-TERM LIABILITIES – Continued

Loan Covenants

In connection with the Water and Sewer Fund's outstanding bonds, the City is required to maintain certain funds, including debt service funds. The City deposits on a monthly basis out of Water and Sewer Fund revenues one-sixth of the next interest installment due and one-twelfth of the next principal installment due into the debt service fund to provide for debt service installments on the two series 2011 bond issues. The balance in this debt service fund at September 30, 2019 was \$30,200. In addition, proceeds of \$228,500 from the refunding is set aside in a debt reserve fund.

Bond documents also require the City to adjust water and sewer rates, as needed, to ensure that the revenues from operating the system exceed operating expenses (excluding depreciation) by at least 110%

The amount of general obligation bonded debt that can be incurred by the City is limited by state statute. Total outstanding bonded debt during a year can be no greater than 15% of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, unless certain conditions, such as set forth in state statutes under Mississippi Code Ann., Section 21-33-303, have been met, thereby increasing the allowable bonded debt to no greater than 20% of the assessed value. As of September 30, 2019, the debt margin was as follows:

Total bonded debt	\$ 3,550,000
Less: Enterprise fund revenue bonds	<u>(1,300,000)</u>
Bonded debt subject to 15% limitation	<u>\$2,250,000</u>
Assessed property values	\$68,338,293
Percentage of applicable bonded debt to the assessed property values	3.29%

Revenue Pledged to Secure Debt

The City has pledged Water and Sewer Fund revenues, net of operating expenses, to secure its revenue refunding bonds. The Water and Sewer Fund had operating income of \$305,661 in the current year, and the current year principal and interest payments made by the City on the revenue refunding bonds totaled \$180,101, which was approximately 59% of the pledged revenue. As of September 30, 2019, the future principal and interest requirements for the revenue refunding bonds totaled \$1,522,154, and the maturity dates extend through July, 2026.

(Continued)

NOTE 8. OPERATING LEASE OBLIGATIONS

The City is obligated under certain noncancellable equipment leases with terms greater than one year that are classified as operating leases. Operating leases do not give rise to property rights; therefore, the equipment under operating lease agreements is not reflected in the City's capital assets. Future minimum operating lease payments under these agreements as of September 30, 2019, are as follows:

Year Ending September 30,	Governmental Activities
2020	\$ 5,472
2021	5,472
2022	5,472
2023	5,472
	<u>\$ 21,888</u>

Total rental expenditures for operating leases of the City for the year ended September 30, 2019 were, \$11,108 for the governmental activities.

NOTE 9. DEFINED BENEFIT PENSION PLAN**General Information about the Plan**

Plan Description: The City contributes to the Public Employees Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan for all eligible employees. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005, by calling (601) 359-3589 or 1-800-444-PERS, or through the www.pers.ms.gov website.

Benefits Provided: Plan members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

(Continued)

NOTE 9. DEFINED BENEFIT PENSION PLAN – Continued

Funding Policy: PERS members are required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially-determined rate. The City's contribution rate was 15.75% of the annual covered payroll through June 30, 2019, and 17.4% thereafter. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions (excluding amounts withheld from members' salaries) to PERS for the year ended September 30, 2019, were \$494,861, which was equal to 100% of the required contributions for the year, and includes \$58,814 payable at September 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2019, the City reported a liability of \$8,193,637 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and a measurement date of June 30, 2019, using standard roll forward techniques. The City's proportion of the net pension liability was based on the ratio of the City's PERS contributions to the total of all employers' PERS contributions for the measurement year.

For the year ended June 30, 2019, the City's proportion was 0.046576%, which was a decrease of 0.000257% from its 0.046833% proportion for the year ended June 30, 2018.

For the year ended September 30, 2019, the City recognized pension expense of \$915,113 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:		
Differences between expected and actual experience	\$ 4,406	\$ 8,017
Changes of assumptions	73,022	-
Net difference between projected and actual earnings on pension plan investments	-	81,485
Changes in the City's proportion	75,903	2,112
City's contributions subsequent to the measurement date	129,827	-
	<u>\$ 283,158</u>	<u>\$ 91,614</u>

(Continued)

NOTE 9. DEFINED BENEFIT PENSION PLAN – Continued

Business-Type Activities:	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 441	\$ 802
Changes of assumptions	7,310	-
Net difference between projected and actual earnings on pension plan investments	-	8,157
Change in the City's proportion	18,085	29,884
City's contributions subsequent to the measurement date	12,997	-
	<u>\$ 38,833</u>	<u>\$ 38,843</u>

\$142,824 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>September 30,</u>	
2020	\$ 116,699
2021	(120,936)
2022	15,539
2023	37,408
	<u>\$ 48,710</u>

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2019, using standard roll forward techniques, and using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.00% - 18.25%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates were projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

(Continued)

NOTE 9. DEFINED BENEFIT PENSION PLAN – Continued

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2014, to June 30, 2018, and the experience report was dated April, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	27%	4.90%
International equity	22	4.75
Global equity	12	5.00
Fixed income	20	1.50
Real estate	10	4.00
Private equity	8	6.25
Cash equivalents	1	0.25
	<u>100%</u>	

Following is a summary of actuarial assumption changes in 2019:

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 was used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 was used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

(Continued)

NOTE 9. DEFINED BENEFIT PENSION PLAN – Continued

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current employee contribution rate (9%) and that employer contributions will be made at the current employer contribution rate (17.4%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in the Discount Rate: The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	<u>\$10,770,820</u>	<u>\$8,193,637</u>	<u>\$6,066,404</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately-issued PERS financial report.

NOTE 10. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures other than capital outlay, elections, and emergency expenditures may not legally exceed budgeted amounts at the purpose level within each department. Significant expenditures in excess of the budget for the year ended September 30, 2019, were as follows:

	Final Budget	Actual Expenditures	Excess
GENERAL FUND:			
Police:			
Aid to other governments	\$ -	\$ 204,113	\$ 204,113
TOURISM TAX FUND:			
Other services and charges	432,000	473,460	41,460
AIRPORT FUND:			
Other services and charges	-	33,829	33,829
MOSQUITO FUND:			
Other services and charges	2,550	35,186	32,636

(Continued)

NOTE 11. EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The “net investment in capital assets” component of the business-type activities’ net position includes the effect of deferring the recognition of expenses related to debt refundings. The \$173,933, balance of the deferred outflows of resources related to debt refundings at September 30, 2019, will be recognized as an expense and decrease the net investment in capital assets net position over the next 7 years.

The governmental activities’ unrestricted net position includes the effect of deferring the recognition of adjustments to expense related to the pension plan. The \$283,158 balance of deferred outflows of resources and the \$91,614 balance of deferred inflows of resources at September 30, 2019, will be recognized as net increases of expense and will decrease the unrestricted net position over the next four years.

The business-type activities’ unrestricted net position includes the effect of deferring the recognition of adjustments to expense related to the pension plan. The \$38,833 balance of deferred outflows of resources and the \$38,843 balance of deferred inflows of resources at September 30, 2019, will be recognized as net decreases of expense and will increase the unrestricted net position over the next four years.

The governmental activities’ unrestricted net position includes the effect of deferring the recognition of \$3,082,117 related to receivables of an equal amount for property tax revenues that were levied for use in the subsequent year.

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Settled claims resulting from these insured risks have historically not exceeded insurance coverage in the past three fiscal years.

NOTE 13. CONTINGENCIES

The City is party to various legal proceedings, many of which occur in the normal course of governmental operations. The City is vigorously defending against the claims but is unable to predict the outcome. Losses, if any, exceeding available insurance coverage are not expected to be material.

(Continued)

Notes to the Financial Statements – Continued

NOTE 14. CORRECTION OF ERRORS

The previously-issued financial statements for the year ended September 30, 2018, contained errors that were discovered in the current year. As a result, prior period adjustments were necessary to correct the net position and fund balance amounts as of September 30, 2018. Following is a summary of these error corrections:

GOVERNMENTAL ACTIVITIES

Net position at September 30, 2018, as previously reported	<u>\$ 5,464,392</u>
Record Airport Fund that was incorrectly excluded from the reporting entity	90,664
Reclassification of payroll clearing accounts incorrectly reflected as an agency fund	81,143
Reclassification of police escrow accounts incorrectly reflected as an agency fund	(178)
Understated receivables for property, franchise, and local sales taxes	172,077
Overstated gasoline inventory	(117,053)
Prepaid insurance incorrectly expensed	72,564
Overstated construction in progress	(46,541)
Understated payable to component unit	(16,108)
Understated accounts payable	(53,904)
Overstated accrued wages payable	137,764
Overstated payroll taxes and benefits payable	36,334
Overstated compensated absences liability	255,335
Understated capital lease obligation	(6,838)
Overstated pension-related deferred outflows of resources	(397,576)
Overstated pension-related deferred inflows of resources	415,386
Understated net pension liability	(23,851)
Total prior period adjustment	<u>599,218</u>
Net position at September 30, 2018, as restated	<u>\$ 6,063,610</u>

BUSINESS-TYPE ACTIVITIES

Net position at September 30, 2018, as previously reported	<u>\$ 4,097,180</u>
Understated grant receivable	81,942
Understated construction in progress	175,638
Understated accounts payable	(189,671)
Overstated accrued wages payable	15,812
Overstated compensated absences liability	20,091
Overstated pension-related deferred outflows of resources	(43,000)
Overstated pension-related deferred inflows of resources	27,601
Overstated net pension liability	23,851
Overstated deferred outflow of resources related to debt refunding cost	(24,848)
Overstated customer meter deposits liability	38,173
Total prior period adjustment	<u>125,589</u>
Net position at September 30, 2018, as restated	<u>\$ 4,222,769</u>

(Continued)

NOTE 14. CORRECTION OF ERRORS – Continued

GENERAL FUND

Fund balance at September 30, 2018, as previously reported	<u>\$ 3,513,779</u>
Reclassification of the unemployment reserve to be part of the General Fund because requirements for special revenue fund classification were not met	15,000
Reclassification of payroll clearing accounts incorrectly reflected as an agency fund	81,143
Reclassification of police escrow accounts incorrectly reflected as an agency fund	(178)
Understated taxes and fees receivable	155,969
Overstated gasoline inventory	(117,053)
Understated accounts payable	(45,091)
Overstated accrued wages payable	137,764
Overstated payroll taxes and benefits payable	36,334
Total prior period adjustment	<u>263,888</u>
Fund balance at September 30, 2018, as restated	<u><u>\$ 3,777,667</u></u>

NONMAJOR GOVERNMENTAL FUNDS

Fund balance at September 30, 2018, as previously reported	<u>\$ 318,041</u>
Record Airport Fund that was incorrectly excluded from the reporting entity	90,664
Reclassification of the unemployment reserve to be part of the General Fund because requirements for special revenue fund classification were not met	(15,000)
Understated receivable for local sales tax	16,108
Understated payable to component unit	(16,108)
Understated accounts payable	(8,813)
Total prior period adjustment	<u>66,851</u>
Fund balance at September 30, 2018, as restated	<u><u>\$ 384,892</u></u>

WATER AND SEWER FUND

Net position at September 30, 2018, as previously reported	<u>\$ 4,001,759</u>
Understated grant receivable	81,942
Understated construction in progress	175,638
Understated accounts payable	(189,671)
Overstated accrued wages payable	14,008
Overstated compensated absences liability	20,091
Overstated pension-related deferred outflows of resources	(46,866)
Overstated pension-related deferred inflows of resources	28,018
Overstated net pension liability	35,181
Overstated deferred outflow of resources related to debt refunding cost	(24,848)
Overstated customer meter deposits liability	38,173
Total prior period adjustment	<u>131,666</u>
Net position at September 30, 2018, as restated	<u><u>\$ 4,133,425</u></u>

(Continued)

NOTE 14. CORRECTION OF ERRORS – Continued

NONMAJOR PROPRIETARY FUND

Net position at September 30, 2018, as previously reported	<u>\$ 82,868</u>
Overstated accrued wages payable	1,804
Understated pension-related deferred outflows of resources	3,866
Understated pension-related deferred inflows of resources	(417)
Understated net pension liability	<u>(11,330)</u>
Total prior period adjustment	<u>(6,077)</u>
Net position at September 30, 2018, as restated	<u><u>\$ 76,791</u></u>

NOTE 15. SUBSEQUENT EVENTS

Following is a summary of long-term debt issued by the City subsequent to September 30, 2019:

<u>Issuance Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Term in Years</u>	<u>Payments</u>	<u>Description</u>
Governmental Activities:					
8/31/2020	\$ 308,095	2.83%	7	Annual	Fire truck capital lease

Subsequent events have been evaluated by the City's management through August 1, 2025, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Over (Under)
GENERAL FUND (001, 017, 059, 062, 075, 651, 652)				
Revenues and Beginning Fund Balance:				
Privilege License	\$ 5,000	\$ 5,000	\$ 24,226	\$ 19,226
Franchise Charges - Utilities	310,000	310,000	356,918	46,918
Permits - Building	20,000	20,000	13,253	(6,747)
Permits - Electric and Gas	1,500	1,500	1,037	(463)
Grant Revenue	-	-	239,975	239,975
General Municipal Aid	6,000	6,000	5,327	(673)
Homestead Reimbursement	145,000	145,000	159,427	14,427
Law Enforcement Assistance	10,000	10,000	9,276	(724)
Alcoholic Beverage Licenses	8,500	8,500	8,070	(430)
Big Truck Tax	12,276	12,276	10,125	(2,151)
Fire Insurance	-	-	63,052	63,052
Rail Car Taxes	6,000	6,000	5,237	(763)
Payment in Lieu of Tax - Grand Gulf	88,000	88,000	83,715	(4,285)
General Sales Tax	1,790,000	1,790,000	1,830,852	40,852
County Road & Bridge Tax	217,156	217,156	45,582	(171,574)
Animal Shelter Fees	6,000	6,000	6,670	670
Swimming Pool Fees	3,000	3,000	655	(2,345)
Court Fines - City	100,000	100,000	78,442	(21,558)
Court Cost - Electronic Process	40,000	40,000	26,078	(13,922)
Fingerprinting Service	350	350	350	-
Interest Earned	18,000	18,000	50,392	32,392
Rent	9,000	9,000	3,000	(6,000)
Cemetery Fees	14,500	14,500	30,289	15,789
Special Assessment - Current	25,000	25,000	8,928	(16,072)
Certificate of Occupancy Fee	4,000	4,000	3,720	(280)
Miscellaneous	10,000	10,000	39	(9,961)
Capital Lease Proceeds	256,143	256,143	-	(256,143)
Property Sales and Disposals	2,500	2,500	18,837	16,337
Transfers In	308,561	308,561	-	(308,561)
Beginning Fund Balance	378,943	378,943	2,478,705	2,099,762
Total Available from Sources				
Other than Property Taxes	3,795,429	3,795,429	5,562,177	1,766,748
Real Property Taxes	1,731,191	1,731,191	1,801,344	70,153
Personal Property Tax - Auto	515,412	515,412	591,880	76,468
Personal Property Taxes	873,460	873,460	828,918	(44,542)
Prior Year - Personal Property	5,500	5,500	545	(4,955)
Penalties & Interest on Taxes	7,500	7,500	19,443	11,943
Redemption Penalty & Interest	40,000	40,000	41,808	1,808
Total Revenues and Beginning Fund Balance	\$ 6,968,492	\$ 6,968,492	\$ 8,846,115	\$ 1,877,623

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Over (Under)
Expenditures and Ending Fund Balance:				
Legislative				
Salary - Elected Officials	40,000	40,000	40,192	192
Soc Sec/FICA Taxes (Employer)	3,060	3,060	3,060	-
State Retirement (Employer)	6,300	6,300	6,478	178
Travel	5,500	5,500	4,523	(977)
Training	1,500	1,500	1,975	475
Insurance	5,207	5,207	-	(5,207)
	<u>61,567</u>	<u>61,567</u>	<u>56,228</u>	<u>(5,339)</u>
Judicial				
Salary - Exempt	80,524	80,524	77,841	(2,683)
Wages - Non-Exempt	44,449	44,449	52,212	7,763
Soc Sec/FICA Taxes (Employer)	9,560	9,560	9,328	(232)
State Retirement (Employer)	20,199	20,199	20,740	541
Health Insurance (Employer)	14,400	14,400	17,056	2,656
Office Supplies	2,500	2,500	1,450	(1,050)
Equipment Expensed	1,000	1,000	1,674	674
Cleaning & Janitorial Supplies	100	100	-	(100)
Uniforms	1,000	1,000	-	(1,000)
Professional Services	13,000	13,000	23,189	10,189
Collection Services	11,508	11,508	7,102	(4,406)
Indigent Fees	12,000	12,000	8,736	(3,264)
Communications	1,500	1,500	936	(564)
Travel	2,500	2,500	3,993	1,493
Advertising	100	100	-	(100)
Insurance	525	525	525	-
Repair & Maint - Outside Labor	1,000	1,000	1,434	434
Dues And Memberships	70	70	175	105
Other Furniture & Equipment	3,000	3,000	-	(3,000)
	<u>218,935</u>	<u>218,935</u>	<u>226,391</u>	<u>7,456</u>
Executive				
Salary - Elected Officials	49,600	49,600	49,954	354
Wages - Non-Exempt	22,827	22,827	23,865	1,038
Soc Sec/FICA Taxes (Employer)	5,541	5,541	5,537	(4)
State Retirement (Employer)	11,706	11,706	11,896	190
Health Insurance (Employer)	9,600	9,600	10,369	769
Office Supplies	1,000	1,000	1,609	609
Gas & Oil	1,600	1,600	1,371	(229)
Motor Vehicle Repair Parts/Sup	400	400	-	(400)
Other Repairs & Maintenance	250	250	-	(250)
Communications	1,200	1,200	2,742	1,542
Travel	2,500	2,500	2,546	46
Training	500	500	410	(90)
Advertising	-	-	125	125
Exhibitions & Promotions	5,000	5,000	5,422	422
Dues And Memberships	650	650	330	(320)
Motor Vehicles - Outside Labor	500	500	222	(278)
Miscellaneous	400	400	30	(370)
	<u>113,274</u>	<u>113,274</u>	<u>116,428</u>	<u>3,154</u>

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
2016 Aip Project (Airport)				
Construction In Progress	11,751	11,751	22,500	10,749
	<u>11,751</u>	<u>11,751</u>	<u>22,500</u>	<u>10,749</u>
Indianola Historical Preservation				
Professional Services	1,250	1,250	-	(1,250)
Training	200	200	-	(200)
Advertising	100	100	-	(100)
	<u>1,550</u>	<u>1,550</u>	<u>-</u>	<u>(1,550)</u>
Financial Administration				
Salary - Exempt	52,530	52,530	51,579	(951)
Wages - Non-Exempt	64,297	64,297	39,598	(24,699)
Soc Sec/FICA Taxes (Employer)	8,937	8,937	6,848	(2,089)
State Retirement (Employer)	18,882	18,882	14,165	(4,717)
Health Insurance (Employer)	14,400	14,400	10,167	(4,233)
Office Supplies	6,500	6,500	7,279	779
Equipment Expensed	1,000	1,000	2,746	1,746
Cleaning & Janitorial Supplies	3,500	3,500	4,511	1,011
Professional Services	25,000	25,000	13,373	(11,627)
Communications	11,000	11,000	14,314	3,314
Cost Related To Property Sale	500	500	-	(500)
Travel	500	500	3,105	2,605
Training	200	200	2,640	2,440
Advertising	6,500	6,500	1,855	(4,645)
Printing & Binding	5,000	5,000	3,171	(1,829)
Insurance	875	875	1,225	350
Repair and Maint. - Outside Labor	4,000	4,000	5,954	1,954
Dues And Memberships	90	90	45	(45)
Bank Charges			1,615	1,615
Miscellaneous			2,472	2,472
	<u>223,711</u>	<u>223,711</u>	<u>186,662</u>	<u>(37,049)</u>
Tax Administration				
Office Supplies	-	-	457	457
Professional Services	7,500	7,500	7,235	(265)
Collection Services	-	-	27,829	27,829
Communications	250	250	1,778	1,528
Advertising	-	-	4,916	4,916
Printing & Binding	-	-	1,010	1,010
	<u>7,750</u>	<u>7,750</u>	<u>43,225</u>	<u>35,475</u>
Independent Audit				
Professional Services	35,000	35,000	-	(35,000)
	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
City Attorney				
Salary - Exempt	10,214	10,214	10,263	49
Soc Sec/FICA Taxes (Employer)	781	781	782	1
State Retirement (Employer)	1,651	1,651	1,654	3
Professional Services	5,000	5,000	12,914	7,914
Training	200	200	-	(200)
	<u>17,846</u>	<u>17,846</u>	<u>25,613</u>	<u>7,767</u>

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Data Processing				
Equipment Expensed	500	500	-	(500)
Professional Services	30,000	30,000	24,819	(5,181)
Communications	25,000	25,000	29,321	4,321
Repair and Maint. - Outside Labor	3,000	3,000	1,600	(1,400)
	<u>58,500</u>	<u>58,500</u>	<u>55,740</u>	<u>(2,760)</u>
General Government Building				
Equipment Expensed	750	750	217	(533)
Cleaning & Janitorial Supplies	300	300	685	385
Other Repairs & Maintenance	5,000	5,000	1,152	(3,848)
Professional Cleaning	14,500	14,500	13,239	(1,261)
Insurance	165,000	165,000	164,726	(274)
Utilities	15,000	15,000	14,799	(201)
Repair and Maint. - Outside Labor	10,000	10,000	14,024	4,024
Exhibitions & Promotions	5,000	5,000	3,505	(1,495)
	<u>215,550</u>	<u>215,550</u>	<u>212,347</u>	<u>(3,203)</u>
Workers Compensation/Unemployment				
Unemployment Contribution	4,162	4,162	4,152	(10)
Workers Compensation	101,984	101,984	64,265	(37,719)
	<u>106,146</u>	<u>106,146</u>	<u>68,417</u>	<u>(37,729)</u>
Community Promo/Public Relations				
Professional Services	1,000	1,000	1,384	384
Utilities	1,000	1,000	718	(282)
Exhibitions & Promotions	16,000	16,000	5,500	(10,500)
Keep Indianola Beautiful	5,000	5,000	4,491	(509)
	<u>23,000</u>	<u>23,000</u>	<u>12,093</u>	<u>(10,907)</u>
Police Administration				
Salary - Exempt	120,000	120,000	119,572	(428)
Soc Sec/FICA Taxes (Employer)	9,306	9,306	8,848	(458)
State Retirement (Employer)	19,395	19,395	19,271	(124)
Health Insurance (Employer)	9,600	9,600	8,350	(1,250)
Equipment Expensed	1,000	1,000	853	(147)
Uniforms	750	750	428	(322)
Travel	3,200	3,200	3,103	(97)
Training	1,500	1,500	1,925	425
Advertising	250	250	100	(150)
Insurance	350	350	175	(175)
Dues And Memberships	250	250	100	(150)
Other Furniture & Equipment	2,000	2,000	-	(2,000)
Debt Principal	19,261	19,261	17,679	(1,582)
Interest Paid on Debt	-	-	1,582	1,582
	<u>186,862</u>	<u>186,862</u>	<u>181,986</u>	<u>(4,876)</u>
Criminal Investigation				
Equipment Expensed	1,000	1,000	-	(1,000)
Uniforms	500	500	260	(240)
Drug & Forfeiture Supplies	1,000	1,000	6,000	5,000
Professional Services	3,500	3,500	888	(2,612)
Travel	1,500	1,500	1,308	(192)
Training	500	500	1,885	1,385
	<u>8,000</u>	<u>8,000</u>	<u>10,341</u>	<u>2,341</u>

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Over (Under)
Patrol				
Wages - Non-Exempt	1,099,469	1,099,469	1,014,337	(85,132)
Soc Sec/FICA Taxes (Employer)	84,109	84,109	76,025	(8,084)
State Retirement (Employer)	177,702	177,702	149,658	(28,044)
Health Insurance (Employer)	168,000	168,000	139,854	(28,146)
Equipment Expensed	3,388	3,388	2,408	(980)
Feed For Animals	250	250	-	(250)
Gas & Oil	60,000	60,000	55,753	(4,247)
Uniforms	15,000	15,000	13,222	(1,778)
Motor Vehicle Repair Parts/Sup	1,500	1,500	6,133	4,633
Other Repairs & Maintenance	500	500	112	(388)
Professional Services	15,000	15,000	34,908	19,908
Communications	20,000	20,000	35,065	15,065
Travel	4,500	4,500	2,369	(2,131)
Training	12,000	12,000	18,827	6,827
Advertising	-	-	200	200
Repair and Maint. - Outside Labor	750	750	595	(155)
Aid To Other Governments	-	-	6,887	6,887
Motor Vehicles - Outside Labor	25,000	25,000	24,354	(646)
Miscellaneous	-	-	186	186
Debt Principal	20,666	20,666	18,969	(1,697)
Interest Paid on Debt	-	-	1,697	1,697
	<u>1,707,834</u>	<u>1,707,834</u>	<u>1,601,559</u>	<u>(106,275)</u>
Records & Identification				
Equipment Expensed	500	500	3,945	3,445
Cleaning & Janitorial Supplies	250	250	-	(250)
Uniforms	500	500	-	(500)
Other Repairs & Maintenance	250	250	-	(250)
Professional Services	250	250	-	(250)
Communications	3,500	3,500	4,759	1,259
Travel	500	500	-	(500)
Training	500	500	990	490
Printing & Binding	500	500	-	(500)
Repair and Maint. - Outside Labor	250	250	-	(250)
Computer Services	250	250	-	(250)
	<u>7,250</u>	<u>7,250</u>	<u>9,694</u>	<u>2,444</u>
Custody Of Prisoners				
Drugs & Medicines	2,000	2,000	730	(1,270)
Professional Services	750	750	1,864	1,114
Jailing Services	75,000	75,000	113,198	38,198
	<u>77,750</u>	<u>77,750</u>	<u>115,792</u>	<u>38,042</u>
Police Station				
Office Supplies	8,500	8,500	19,485	10,985
Equipment Expensed	1,500	1,500	3,966	2,466
Cleaning & Janitorial Supplies	1,500	1,500	1,977	477
Uniforms	-	-	137	137
Other Repairs & Maintenance	5,000	5,000	370	(4,630)
Professional Services	10,000	10,000	914	(9,086)
Utilities	10,000	10,000	18,443	8,443

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Repair and Maint. - Outside Labor	20,000	20,000	3,878	(16,122)
Rental	6,000	6,000	3,384	(2,616)
Aid To Other Governments	-	-	204,113	204,113
Bank Charges	-	-	116	116
Other Furniture & Equipment	37,500	37,500	-	(37,500)
	<u>100,000</u>	<u>100,000</u>	<u>256,783</u>	<u>156,783</u>
Fire Administration				
Salary - Exempt	82,370	82,370	82,304	(66)
Soc Sec/FICA Taxes (Employer)	6,301	6,301	6,070	(231)
State Retirement (Employer)	13,313	13,313	13,265	(48)
Health Insurance (Employer)	9,600	9,600	10,369	769
Office Supplies	500	500	83	(417)
Communications	4,500	4,500	3,718	(782)
Travel	2,500	2,500	485	(2,015)
Training	500	500	1,216	716
Advertising	-	-	100	100
Dues And Memberships	180	180	90	(90)
Mobile Equipment	-	-	36,677	36,677
	<u>119,764</u>	<u>119,764</u>	<u>154,377</u>	<u>34,613</u>
Fire Fighting				
Wages - Non-Exempt	449,287	449,287	405,507	(43,780)
Soc Sec/FICA Taxes (Employer)	34,370	34,370	30,392	(3,978)
State Retirement (Employer)	72,616	72,616	62,411	(10,205)
Health Insurance (Employer)	67,200	67,200	62,043	(5,157)
Office Supplies	500	500	504	4
Cleaning & Janitorial Supplies	1,000	1,000	746	(254)
Gas & Oil	7,500	7,500	7,653	153
Uniforms	7,500	7,500	9,630	2,130
Chemicals	500	500	130	(370)
Other Repairs & Maintenance	1,500	1,500	20	(1,480)
Professional Services	500	500	170	(330)
Volunteer Firemen	10,000	10,000	14,310	4,310
	<u>652,473</u>	<u>652,473</u>	<u>593,516</u>	<u>(58,957)</u>
Fire Communications				
Equipment Expensed	500	500	-	(500)
Communications	1,000	1,000	717	(283)
Repair and Maint. - Outside Labor	400	400	-	(400)
	<u>1,900</u>	<u>1,900</u>	<u>717</u>	<u>(1,183)</u>
Fire Repair Service				
Motor Vehicle Repair Parts/Sup	2,000	2,000	1,415	(585)
Other Repairs & Maintenance	2,000	2,000	568	(1,432)
Repair and Maint. - Outside Labor	2,000	2,000	1,260	(740)
Motor Vehicles - Outside Labor	5,000	5,000	2,813	(2,187)
	<u>11,000</u>	<u>11,000</u>	<u>6,056</u>	<u>(4,944)</u>
Fire Station & Building				
Equipment Expensed	-	-	1,949	1,949
Building Materials & Supplies	500	500	-	(500)
Paints & Painting Supplies	250	250	-	(250)
Other Repairs & Maintenance	500	500	352	(148)

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Utilities	11,000	11,000	13,673	2,673
Repair and Maint. - Outside Labor	4,500	4,500	5,423	923
Miscellaneous	-	-	248	248
Construction In Progress	-	-	26,903	26,903
	<u>16,750</u>	<u>16,750</u>	<u>48,548</u>	<u>31,798</u>
Inspections				
Salary - Exempt	38,338	38,338	39,597	1,259
Wages - Non-Exempt	29,866	29,866	29,758	(108)
Soc Sec/FICA Taxes (Employer)	5,218	5,218	5,238	20
State Retirement (Employer)	11,023	11,023	11,176	153
Health Insurance (Employer)	9,600	9,600	10,369	769
Office Supplies	1,000	1,000	340	(660)
Equipment Expensed	500	500	14	(486)
Gas & Oil	1,500	1,500	1,678	178
Uniforms	300	300	-	(300)
Motor Vehicle Repair Parts/Sup	300	300	28	(272)
Professional Services	1,800	1,800	1,750	(50)
Communications	1,100	1,100	1,101	1
Travel	2,500	2,500	1,340	(1,160)
Training	750	750	270	(480)
Advertising	500	500	500	-
Repair and Maint. - Outside Labor	250	250	-	(250)
Dues And Memberships	100	100	-	(100)
Motor Vehicles - Outside Labor	250	250	1,037	787
	<u>104,895</u>	<u>104,895</u>	<u>104,196</u>	<u>(699)</u>
Inspection Adjudication				
Equipment Expensed	500	500	-	(500)
Professional Services	20,000	20,000	23,280	3,280
	<u>20,500</u>	<u>20,500</u>	<u>23,280</u>	<u>2,780</u>
Public Works Administration				
Salary - Exempt	58,015	58,015	45,146	(12,869)
Wages - Non-Exempt	26,757	26,757	28,035	1,278
Soc Sec/FICA Taxes (Employer)	6,485	6,485	5,562	(923)
State Retirement (Employer)	13,701	13,701	11,644	(2,057)
Health Insurance (Employer)	9,600	9,600	8,689	(911)
Travel	-	-	516	516
Training	-	-	530	530
Equipment Expensed	500	500	-	(500)
Repair and Maint. - Outside Labor	250	250	-	(250)
	<u>115,308</u>	<u>115,308</u>	<u>100,122</u>	<u>(15,186)</u>
Streets				
Salary - Exempt	49,110	49,110	49,109	(1)
Wages - Non-Exempt	476,557	476,557	477,713	1,156
Soc Sec/FICA Taxes (Employer)	40,214	40,214	39,074	(1,140)
State Retirement (Employer)	84,961	84,961	84,858	(103)
Health Insurance (Employer)	110,400	110,400	116,653	6,253
Office Supplies	1,000	1,000	788	(212)
Equipment Expensed	2,000	2,000	2,989	989
Cleaning & Janitorial Supplies	3,000	3,000	2,667	(333)

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Prisoner Meals	2,000	2,000	1,038	(962)
Gas & Oil	40,000	40,000	81,008	41,008
Uniforms	7,500	7,500	8,122	622
Chemicals	5,500	5,500	2,920	(2,580)
Building Materials & Supplies	500	500	-	(500)
Paints & Painting Supplies	600	600	386	(214)
Motor Vehicle Repair Parts/Sup	5,500	5,500	3,791	(1,709)
Other Repairs & Maintenance	75,000	75,000	99,791	24,791
Concrete St Repairs & Maint.	11,000	11,000	6,274	(4,726)
Professional Services	500	500	6,527	6,027
Communications	5,000	5,000	3,605	(1,395)
Travel	300	300	604	304
County Provided Prisoner Travel	500	500	-	(500)
Training	400	400	540	140
Advertising	150	150	788	638
Utilities	20,000	20,000	21,041	1,041
Repair and Maint. - Outside Labor	40,000	40,000	33,242	(6,758)
Rental	500	500	-	(500)
Motor Vehicles - Outside Labor	12,000	12,000	12,840	840
Other Furniture & Equipment	3,100	3,100	-	(3,100)
Property Under Capital Lease	256,143	256,143	-	(256,143)
Debt Principal	25,686	25,686	23,738	(1,948)
Interest Paid on Debt	-	-	1,948	1,948
	<u>1,279,121</u>	<u>1,279,121</u>	<u>1,082,054</u>	<u>(197,067)</u>
Street Lighting				
Utilities	185,000	185,000	167,999	(17,001)
Repair and Maint. - Outside Labor	200	200	160	(40)
	<u>185,200</u>	<u>185,200</u>	<u>168,159</u>	<u>(17,041)</u>
Sidewalks				
Building Materials & Supplies	200	200	-	(200)
Other Repairs & Maintenance	1,000	1,000	-	(1,000)
	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>(1,200)</u>
Street Cleaning				
Wages - Non-Exempt	47,012	47,012	25,665	(21,347)
Soc Sec/FICA Taxes (Employer)	3,596	3,596	1,940	(1,656)
State Retirement (Employer)	7,598	7,598	4,125	(3,473)
Health Insurance (Employer)	9,600	9,600	5,889	(3,711)
Gas & Oil	150	150	-	(150)
Uniforms	653	653	503	(150)
Motor Vehicle Repair Parts/Sup	6,500	6,500	7,884	1,384
Other Repairs & Maintenance	1,500	1,500	-	(1,500)
Professional Services	200	200	-	(200)
Travel	1,500	1,500	-	(1,500)
Motor Vehicles - Outside Labor	15,000	15,000	4,750	(10,250)
Debt Principal	69,825	69,825	63,929	(5,896)
Interest Paid on Debt	-	-	5,896	5,896
	<u>163,134</u>	<u>163,134</u>	<u>120,581</u>	<u>(42,553)</u>

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Urban Forestry				
Equipment Expensed	300	300	-	(300)
Other Repairs & Maintenance	500	500	-	(500)
Repair and Maint. - Outside Labor	500	500	-	(500)
Dues And Memberships	200	200	-	(200)
	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Community Garden				
Other Repairs & Maintenance	500	500	-	(500)
	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
Indian Bayou Aerators				
Utilities	750	750	677	(73)
	<u>750</u>	<u>750</u>	<u>677</u>	<u>(73)</u>
Rabies & Animal Control				
Wages - Non-Exempt	88,000	88,000	86,185	(1,815)
Soc Sec/FICA Taxes (Employer)	6,732	6,732	6,387	(345)
State Retirement (Employer)	14,223	14,223	12,572	(1,651)
Health Insurance (Employer)	14,400	14,400	12,117	(2,283)
Office Supplies	1,500	1,500	1,255	(245)
Equipment Expensed	1,000	1,000	2,612	1,612
Cleaning & Janitorial Supplies	5,000	5,000	4,337	(663)
Feed For Animals	3,000	3,000	1,901	(1,099)
Gas & Oil	500	500	19	(481)
Uniforms	1,500	1,500	1,264	(236)
Drugs & Medicines	5,000	5,000	8,908	3,908
Building Materials & Supplies	500	500	-	(500)
Motor Vehicle Repair Parts/Sup	500	500	181	(319)
Other Repairs & Maintenance	4,000	4,000	7,040	3,040
Professional Services	8,000	8,000	21,197	13,197
Communications	2,500	2,500	2,920	420
Travel	500	500	568	68
Training	250	250	-	(250)
Advertising	250	250	14	(236)
Utilities	6,000	6,000	8,213	2,213
Repair and Maint. - Outside Labor	10,000	10,000	1,250	(8,750)
Dues And Memberships	200	200	-	(200)
Motor Vehicles - Outside Labor	500	500	441	(59)
Other Furniture & Equipment	2,200	2,200	-	(2,200)
Debt Principal	5,804	5,804	5,328	(476)
Interest Paid On Debt	-	-	476	476
	<u>182,059</u>	<u>182,059</u>	<u>185,185</u>	<u>3,126</u>
Cemetery				
Wages - Non-Exempt	74,000	74,000	74,397	397
Soc Sec/FICA Taxes (Employer)	5,661	5,661	5,605	(56)
State Retirement (Employer)	11,960	11,960	11,991	31
Health Insurance (Employer)	14,400	14,400	15,687	1,287
Office Supplies	100	100	440	340
Equipment Expensed	400	400	-	(400)
Cleaning & Janitorial Supplies	150	150	109	(41)
Gas & Oil	4,000	4,000	4,883	883

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Uniforms	700	700	983	283
Chemicals	1,500	1,500	-	(1,500)
Motor Vehicle Repair Parts/Sup	500	500	36	(464)
Other Repairs & Maintenance	1,500	1,500	3,098	1,598
Professional Services	500	500	-	(500)
Communications	600	600	483	(117)
Utilities	2,500	2,500	2,481	(19)
Repair and Maint. - Outside Labor	1,500	1,500	5,278	3,778
Motor Vehicles - Outside Labor	500	500	-	(500)
Other Furniture & Equipment	500	500	-	(500)
	<u>120,971</u>	<u>120,971</u>	<u>125,471</u>	<u>4,500</u>
Sunflower County Library				
Exhibitions & Promotions	148,669	148,669	148,669	-
	<u>148,669</u>	<u>148,669</u>	<u>148,669</u>	<u>-</u>
Boys And Girls Club				
Miscellaneous	20,000	20,000	-	(20,000)
	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Parks & Recreation Administration				
Salary - Exempt	40,883	40,883	40,883	-
Wages - Non-Exempt	66,483	66,483	58,616	(7,867)
Soc Sec/FICA Taxes (Employer)	8,213	8,213	7,449	(764)
State Retirement (Employer)	17,353	17,353	13,925	(3,428)
Health Insurance (Employer)	19,200	19,200	15,747	(3,453)
Office Supplies	200	200	9	(191)
Equipment Expensed	600	600	-	(600)
Cleaning & Janitorial Supplies	2,000	2,000	1,635	(365)
Gas & Oil	500	500	23	(477)
Uniforms	1,000	1,000	1,588	588
Chemicals	200	200	-	(200)
Motor Vehicle Repair Parts/Sup	200	200	104	(96)
Other Repairs & Maintenance	1,000	1,000	6,208	5,208
Professional Services	2,000	2,000	-	(2,000)
Communications	2,000	2,000	2,252	252
Travel	300	300	776	476
Training	400	400	765	365
Repair and Maint. - Outside Labor	300	300	222	(78)
Dues And Memberships	375	375	275	(100)
Motor Vehicles - Outside Labor	250	250	741	491
Other Furniture & Equipment	14,711	14,711	-	(14,711)
	<u>178,168</u>	<u>178,168</u>	<u>151,218</u>	<u>(26,950)</u>
Playgrounds				
Equipment Expensed	1,500	1,500	585	(915)
Chemicals	500	500	235	(265)
Other Repairs & Maintenance	3,000	3,000	1,505	(1,495)
Utilities	1,000	1,000	-	(1,000)
Repair and Maint. - Outside Labor	3,000	3,000	4,475	1,475
Rental	3,500	3,500	2,760	(740)
Other Furniture & Equipment	2,000	2,000	-	(2,000)
	<u>14,500</u>	<u>14,500</u>	<u>9,560</u>	<u>(4,940)</u>

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Swimming				
Wages - Non-Exempt	22,804	22,804	19,846	(2,958)
Soc Sec/FICA Taxes (Employer)	1,745	1,745	1,518	(227)
Equipment Expensed	1,000	1,000	-	(1,000)
Uniforms	200	200	-	(200)
Chemicals	2,000	2,000	1,763	(237)
Other Repairs & Maintenance	600	600	414	(186)
Professional Services	500	500	-	(500)
Training	500	500	-	(500)
Advertising	100	100	-	(100)
Utilities	2,000	2,000	3,463	1,463
Repair and Maint. - Outside Labor	3,500	3,500	525	(2,975)
Improvements Other Than Buildings	500	500	-	(500)
Other Furniture & Equipment	1,000	1,000	-	(1,000)
	<u>36,449</u>	<u>36,449</u>	<u>27,529</u>	<u>(8,920)</u>
Tennis				
Equipment Expensed	500	500	-	(500)
Paints & Painting Supplies	1,000	1,000	-	(1,000)
Utilities	3,500	3,500	3,197	(303)
Repair and Maint. - Outside Labor	500	500	-	(500)
Exhibitions & Promotions	100	100	-	(100)
	<u>5,600</u>	<u>5,600</u>	<u>3,197</u>	<u>(2,403)</u>
Bethune Center				
Equipment Expensed	200	200	-	(200)
Other Repairs & Maintenance	500	500	607	107
Utilities	4,500	4,500	4,688	188
Repair and Maint. - Outside Labor	2,000	2,000	1,499	(501)
Buildings	500	500	-	(500)
	<u>7,700</u>	<u>7,700</u>	<u>6,794</u>	<u>(906)</u>
Scout Hut				
Equipment Expensed	200	200	115	(85)
Other Repairs & Maintenance	1,000	1,000	414	(586)
Utilities	1,300	1,300	2,098	798
Repair and Maint. - Outside Labor	1,000	1,000	706	(294)
Buildings	1,000	1,000	-	(1,000)
Other Furniture & Equipment	500	500	-	(500)
	<u>5,000</u>	<u>5,000</u>	<u>3,333</u>	<u>(1,667)</u>
Playground Bethune Center				
Equipment Expensed	500	500	-	(500)
Repair and Maint. - Outside Labor	3,000	3,000	-	(3,000)
Other Furniture & Equipment	2,000	2,000	-	(2,000)
	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>(5,500)</u>
Park Area				
Equipment Expensed	1,500	1,500	-	(1,500)
Other Repairs & Maintenance	500	500	258	(242)
Repair and Maint. - Outside Labor	1,000	1,000	3,035	2,035
Improvements Other Than Buildings	1,000	1,000	-	(1,000)
Other Furniture & Equipment	3,000	3,000	-	(3,000)
	<u>7,000</u>	<u>7,000</u>	<u>3,293</u>	<u>(3,707)</u>

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Downtown Green Space Park				
Other Repairs & Maintenance	250	250	257	7
Utilities	300	300	236	(64)
Repair and Maint. - Outside Labor	250	250	352	102
	<u>800</u>	<u>800</u>	<u>845</u>	<u>45</u>
Park Lighting				
Other Repairs & Maintenance	500	500	285	(215)
Utilities	800	800	1,782	982
Repair and Maint. - Outside Labor	1,000	1,000	-	(1,000)
	<u>2,300</u>	<u>2,300</u>	<u>2,067</u>	<u>(233)</u>
Transfers Out	<u>377,505</u>	<u>377,505</u>	<u>119,523</u>	<u>(257,982)</u>
Total Expenditures	<u>6,968,492</u>	<u>6,968,492</u>	<u>6,390,766</u>	<u>(577,726)</u>
Ending fund balance	-	-	2,455,349	2,455,349
Total Expenditures and Ending Fund Balance	<u><u>\$ 6,968,492</u></u>	<u><u>\$ 6,968,492</u></u>	<u><u>\$ 8,846,115</u></u>	<u><u>\$ 1,877,623</u></u>

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Over (Under)
CEMETERY FUND (002)				
Revenues and Beginning Fund Balance:				
Cemetery fees	\$ 9,000	\$ 9,000	\$ 2,200	\$ (6,800)
Proceeds from debt issue	22,471	22,471	-	(22,471)
Beginning fund balance	-	-	243,491	243,491
Total Revenues and Beginning Fund Balance	\$ 31,471	\$ 31,471	\$ 245,691	\$ 214,220
Expenditures and Ending Fund Balance:				
Supplies	\$ -	\$ -	\$ 96	\$ 96
Other services and charges	27,015	27,015	5,500	(21,515)
Debt service	-	-	5,804	5,804
Capital outlay	-	-	6,929	6,929
Total Expenditures	27,015	27,015	18,329	(8,686)
Ending fund balance	4,456	4,456	227,362	222,906
Total Expenditures and Ending Fund Balance	\$ 31,471	\$ 31,471	\$ 245,691	\$ 214,220
FIRE FUND (050)				
Revenues and Beginning Fund Balance:				
Intergovernmental revenues:				
State	\$ 60,000	\$ 60,000	\$ -	\$ (60,000)
County	7,690	7,690	5,890	(1,800)
Interest and penalties	200	200	657	457
Proceeds from debt issue	180,000	180,000	-	(180,000)
Beginning fund balance	347,505	347,505	415,253	67,748
Total Revenues and Beginning Fund Balance	\$ 595,395	\$ 595,395	\$ 421,800	\$ (173,595)
Expenditures and Ending Fund Balance:				
Supplies	\$ -	\$ -	\$ 25,569	\$ 25,569
Other services and charges	595,395	595,395	8,276	(587,119)
Capital outlay	-	-	25,115	25,115
Total Expenditures	595,395	595,395	58,960	(536,435)
Ending fund balance	-	-	362,840	362,840
Total Expenditures and Ending Fund Balance	\$ 595,395	\$ 595,395	\$ 421,800	\$ (173,595)
B.B. KING PARK FUND (302)				
Revenues and Beginning Fund Balance:				
Rent	\$ 15,000	\$ 15,000	\$ 14,272	\$ (728)
Beginning fund balance	-	-	164,866	164,866
Total Revenues and Beginning Fund Balance	\$ 15,000	\$ 15,000	\$ 179,138	\$ 164,138
Expenditures and Ending Fund Balance:				
Other services and charges	\$ 14,711	\$ 14,711	\$ -	\$ (14,711)
Total Expenditures	14,711	14,711	-	(14,711)
Ending fund balance	289	289	179,138	178,849
Total Expenditures and Ending Fund Balance	\$ 15,000	\$ 15,000	\$ 179,138	\$ 164,138

(Continued)

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2019

For GAAP reporting purposes, certain funds are combined and presented as part of the General Fund. However, for budgetary purposes, these funds are budgeted separately. Following is a reconciliation of the actual amounts reported in the budgetary comparison schedules to the General Fund amounts reported in the statement of revenues, expenditures and changes in fund balances - governmental funds:

	General Fund	Cemetery Fund	Fire Fund	B.B. King Park Fund
Total revenues and beginning fund balances from the budgetary comparison schedules	\$ 8,846,115	\$ 245,691	\$ 421,800	\$ 179,138
Adjustments:				
The fund balance at the beginning of the year is a budgetary resource but is not a revenue for GAAP reporting	(2,478,705)	(243,491)	(415,253)	(164,866)
Property damage insurance proceeds are a budgetary resource but are reported as other financing sources, rather than revenues, for GAAP reporting	(18,837)	-	-	-
Budgetary resources include revenues in the year that the cash is received, but GAAP reporting includes revenues receivable at year end	(24,408)	(5,890)	-	-
These funds are combined into one General Fund for GAAP reporting	17,129	3,690	(6,547)	(14,272)
Total revenues as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,341,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures from the budgetary comparison schedules	\$ 6,390,766	\$ 18,329	\$ 58,960	\$ -
Adjustments:				
Transfers to other funds are an expenditure for budgetary reporting purposes but are reported as other financing uses, rather than expenditures, for GAAP reporting	(119,523)	-	-	-
These funds are combined into one General Fund for GAAP reporting	77,289	(18,329)	(58,960)	-
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,348,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending fund balances from the budgetary comparison schedules	2,455,349	227,362	362,840	179,138
Adjustments:				
These funds are combined into one General Fund for GAAP reporting	769,340	(227,362)	(362,840)	(179,138)
GAAP reporting includes revenues receivable at year end, net of related deferred inflows of resources	445,054	-	-	-
Ending fund balance as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,669,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

CITY OF INDIANOLA, MISSISSIPPI
Schedule of the City's Proportionate Share
of the Net Pension Liability of the
Public Employees Retirement System of Mississippi
Last Five Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.046576%	0.046833%	0.046656%	0.041919%	0.046407%
City's proportionate share of the net pension liability	\$ 8,193,637	\$ 7,789,719	\$ 7,755,811	\$ 7,487,958	\$ 7,172,525
City's covered payroll for the measurement years ended June 30th	\$ 3,062,259	\$ 2,974,642	\$ 2,970,504	\$ 2,681,661	\$ 2,896,892
City's proportionate share of the net pension liability as a percentage of its covered payroll for the measurement years ended June 30th	267.57%	261.87%	261.09%	279.23%	247.59%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

The accompanying notes to the required supplementary information are an integral part of this schedule.

CITY OF INDIANOLA, MISSISSIPPI
Schedule of the City's Contributions to the
Public Employees Retirement System of Mississippi
Last Five Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contributions for the fiscal years ended September 30th	\$ 494,861	\$ 468,497	\$ 467,854	\$ 422,787	\$ 444,065
Actual contributions for the fiscal years ended September 30th	494,861	468,497	467,854	422,787	444,065
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll for the fiscal years ended September 30th	\$ 3,062,259	\$ 2,974,642	\$ 2,970,504	\$ 2,681,661	\$ 2,896,892
Contributions as a percentage of covered payroll for the fiscal years ended September 30th	16.16%	15.75%	15.75%	15.75%	15.75%

The accompanying notes to the required supplementary information are an integral part of this schedule.

City of Indianola, Mississippi
Notes to the Required Supplementary Information
For the Year Ended September 30, 2019

Budgetary Comparison Schedule

Basis of Presentation

The budgetary basis amounts are presented on a modified cash basis of accounting as required by the State of Mississippi, which differs from generally accepted accounting principles. The budgetary basis only reflects revenues that were actually received during the fiscal year and only reflects expenditures incurred during the fiscal year that were paid no later than 30 days after the fiscal year end. Expenditures that were paid more than 30 days after the fiscal year end are reflected as budgetary basis expenditures of the following year.

Pension Schedules

Changes of pension assumptions

2019:

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 was used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 was used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

City of Indianola, Mississippi
Notes to the Required Supplementary Information – Continued
For the Year Ended September 30, 2019

2016:

- The assumed rate of interest credited to employee contributions was changed from 3.5% to 2.0%.

Changes in pension benefit provision

2016:

- Effective July 1, 2016, the interest rate on employee contributions was revised to a calculation that is based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year, with a minimum rate of one percent and a maximum rate of five percent.

Earlier years of pension information

Because GASB Statement No. 68 was first implemented by the City for the year ended September 30, 2015, all ten years of the required supplementary information in accordance with GASB Statement No. 68 were not available. Additional years of data will be added as they become available.

OTHER SUPPLEMENTARY INFORMATION

City of Indianola, Mississippi
Nonmajor Governmental Funds
For the Year Ended September 30, 2019

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Park Improvement Fund – This fund is used to account for sources of revenue and expenditures by the City in order to fund improvements made to parks throughout the City.

Tourism Tax Fund - This fund is used to account for collection of a 2% local sales tax to fund operations of the Indianola Tourism Commission.

Grant Fund – This fund is used to account for certain grant funds.

Airport Fund – This fund is used to account for funds restricted or committed for the airport.

DEBT SERVICE FUNDS

Debt Service Fund – This fund is used to account for funds restricted for the retirement of debt related to the governmental funds.

CAPITAL PROJECT FUNDS

Street and Storm Drains Fund – This fund is used to account for expenditures for improvements made to the City's street and storm drainage infrastructure.

Industrial Park Fund – This fund is used to account for revenues and capital expenditures used to make improvements to industrial parks.

MKM Fund – This fund is used to account for revenues and capital expenditures used to make improvements related to MKM.

CITY OF INDIANOLA, MISSISSIPPI
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds
Assets:				
Cash	\$ 290,601	\$ 173,168	\$ 133,055	\$ 596,824
Certificate of deposit	20,085	-	-	20,085
Taxes receivable	80,741	-	-	80,741
Total Assets	<u>\$ 391,427</u>	<u>\$ 173,168</u>	<u>\$ 133,055</u>	<u>\$ 697,650</u>
Liabilities:				
Accounts payable	\$ 4,447	\$ -	\$ 3,479	\$ 7,926
Due to component unit	80,741	-	-	80,741
Total Liabilities	<u>85,188</u>	<u>-</u>	<u>3,479</u>	<u>88,667</u>
Fund Balances:				
Restricted for:				
Culture and recreation	2,958	-	-	2,958
Debt service	-	173,168	-	173,168
Committed for:				
Airport	303,281			303,281
Assigned to:				
Capital projects	-	-	129,576	129,576
Total Fund Balances	<u>306,239</u>	<u>173,168</u>	<u>129,576</u>	<u>608,983</u>
Total Liabilities and Fund Balances	<u>\$ 391,427</u>	<u>\$ 173,168</u>	<u>\$ 133,055</u>	<u>\$ 697,650</u>

CITY OF INDIANOLA, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Local sales tax	\$ 473,660	\$ -	\$ -	\$ 473,660
Intergovernmental	13,193	-	-	13,193
Charges for services	38,780	-	-	38,780
Investment income	316	-	-	316
Total Revenues	<u>525,949</u>	<u>-</u>	<u>-</u>	<u>525,949</u>
Expenditures:				
Current:				
General government	-	665	-	665
Public works	-	-	1,247	1,247
Culture and recreation	482,280	-	-	482,280
Airport	38,057	-	-	38,057
Capital Outlay:				
Public works	-	-	46,884	46,884
Airport	343,127	-	-	343,127
Total Expenditures	<u>863,464</u>	<u>665</u>	<u>48,131</u>	<u>912,260</u>
Excess of Expenditures Over Revenues	<u>(337,515)</u>	<u>(665)</u>	<u>(48,131)</u>	<u>(386,311)</u>
Other Financing Sources:				
Property damage insurance proceeds	554,705	-	-	554,705
Transfers from other funds	-	-	55,697	55,697
Total Other Financing Sources	<u>554,705</u>	<u>-</u>	<u>55,697</u>	<u>610,402</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	217,190	(665)	7,566	224,091
Fund Balances:				
Fund Balances - Beginning	89,049	173,833	122,010	384,892
Fund Balances - Ending	<u>\$ 306,239</u>	<u>\$ 173,168</u>	<u>\$ 129,576</u>	<u>\$ 608,983</u>

CITY OF INDIANOLA, MISSISSIPPI
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2019

	Park Improvement Fund	Tourism Tax Fund	Grant Fund	Airport Fund	Total Nonmajor Special Revenue Funds
Assets:					
Cash	\$ 896	\$ -	\$ 2,062	\$ 287,643	\$ 290,601
Certificate of deposit	-	-	-	20,085	20,085
Taxes receivable	-	80,741	-	-	80,741
Total Assets	<u>\$ 896</u>	<u>\$ 80,741</u>	<u>\$ 2,062</u>	<u>\$ 307,728</u>	<u>\$ 391,427</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 4,447	\$ 4,447
Due to component unit	-	80,741	-	-	80,741
Total Liabilities	<u>-</u>	<u>80,741</u>	<u>-</u>	<u>4,447</u>	<u>85,188</u>
Fund Balances:					
Restricted for:					
Culture and recreation	896	-	2,062	-	2,958
Committed for:					
Airport	-	-	-	303,281	303,281
Total Fund Balances	<u>896</u>	<u>-</u>	<u>2,062</u>	<u>303,281</u>	<u>306,239</u>
Total Liabilities and Fund Balances	<u>\$ 896</u>	<u>\$ 80,741</u>	<u>\$ 2,062</u>	<u>\$ 307,728</u>	<u>\$ 391,427</u>

CITY OF INDIANOLA, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Park Improvement Fund	Tourism Tax Fund	Grant Fund	Airport Fund	Total Nonmajor Special Revenue Funds
Revenues:					
Local sales tax	\$ -	\$ 473,660	\$ -	\$ -	\$ 473,660
Intergovernmental	-	-	13,193	-	13,193
Charges for services	-	-	-	38,780	38,780
Investment income	-	-	-	316	316
Total Revenues	<u>-</u>	<u>473,660</u>	<u>13,193</u>	<u>39,096</u>	<u>525,949</u>
Expenditures:					
Current:					
Culture and recreation	-	473,660	8,620	-	482,280
Airport	-	-	-	38,057	38,057
Capital outlay:					
Airport	-	-	-	343,127	343,127
Total Expenditures	<u>-</u>	<u>473,660</u>	<u>8,620</u>	<u>381,184</u>	<u>863,464</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>4,573</u>	<u>(342,088)</u>	<u>(337,515)</u>
Other Financing Sources					
Property damage insurance proceeds	-	-	-	554,705	554,705
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>554,705</u>	<u>554,705</u>
Excess of Revenues and Other Sources Over Expenditures	<u>-</u>	<u>-</u>	<u>4,573</u>	<u>212,617</u>	<u>217,190</u>
Fund Balances:					
Fund Balances - Beginning	896	-	(2,511)	90,664	89,049
Fund Balances - Ending	<u>\$ 896</u>	<u>\$ -</u>	<u>\$ 2,062</u>	<u>\$ 303,281</u>	<u>\$ 306,239</u>

CITY OF INDIANOLA, MISSISSIPPI
COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
SEPTEMBER 30, 2019

	Streets and Storm Drains Fund	Industrial Park Fund	MKM Fund	Total Nonmajor Capital Project Funds
Assets				
Cash	\$ 3,479	\$ 4,974	\$ 124,602	\$ 133,055
Total Assets	<u>\$ 3,479</u>	<u>\$ 4,974</u>	<u>\$ 124,602</u>	<u>\$ 133,055</u>
Liabilities:				
Accounts payable	\$ 3,479	\$ -	\$ -	\$ 3,479
Total Liabilities	<u>3,479</u>	<u>-</u>	<u>-</u>	<u>3,479</u>
Fund Balances:				
Assigned to:				
Capital projects	-	4,974	124,602	129,576
Total Fund Balances	<u>-</u>	<u>4,974</u>	<u>124,602</u>	<u>129,576</u>
Total Liabilities and Fund Balances	<u>\$ 3,479</u>	<u>\$ 4,974</u>	<u>\$ 124,602</u>	<u>\$ 133,055</u>

CITY OF INDIANOLA, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Streets and Storm Drains Fund	Industrial Park Fund	MKM Fund	Total Nonmajor Capital Project Funds
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current:				
Public works	1,247	-	-	1,247
Capital outlay:				
Public works	46,884	-	-	46,884
Total Expenditures	48,131	-	-	48,131
Excess of Expenditures Over Revenues	(48,131)	-	-	(48,131)
Other Financing Sources				
Transfers from other funds	55,697	-	-	55,697
Total Other Financing Sources	55,697	-	-	55,697
Excess of Expenditures Over Revenues and Other Sources	7,566	-	-	7,566
Fund Balances:				
Fund Balances - Beginning	(7,566)	4,974	124,602	122,010
Fund Balances - Ending	\$ -	\$ 4,974	\$ 124,602	\$ 129,576

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - PARK IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues and Beginning Fund Balance:				
Revenues	\$ -	\$ -	\$ -	\$ -
Beginning fund balance	-	-	896	896
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 896</u>	<u>\$ 896</u>
Expenditures and Ending Fund Balance:				
Expenditures	\$ -	\$ -	\$ -	\$ -
Ending fund balance	-	-	896	896
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 896</u>	<u>\$ 896</u>

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - TOURISM TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues and Beginning Fund Balance:				
Special tax - tourism	\$ 432,000	\$ 432,000	\$ 473,460	\$ 41,460
Beginning fund balance	-	-	-	-
Total Revenues and Beginning Fund Balance	<u>\$ 432,000</u>	<u>\$ 432,000</u>	<u>\$ 473,460</u>	<u>\$ 41,460</u>
Expenditures and Ending Fund Balance:				
Other services and charges	\$ 432,000	\$ 432,000	\$ 473,460	\$ 41,460
Total Expenditures	432,000	432,000	473,460	41,460
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 432,000</u>	<u>\$ 432,000</u>	<u>\$ 473,460</u>	<u>\$ 41,460</u>

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Over (Under)
Revenues and Beginning Fund Balance:				
Grant revenue	\$ -	\$ -	\$ 13,193	\$ 13,193
Beginning fund balance	-	-	(2,511)	(2,511)
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,682</u>	<u>\$ 10,682</u>
Expenditures and Ending Fund Balance:				
Supplies	\$ -	\$ -	\$ 2,320	\$ 2,320
Other services and charges	-	-	6,300	6,300
Total Expenditures	-	-	8,620	8,620
Ending fund balance	-	-	2,062	2,062
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,682</u>	<u>\$ 10,682</u>

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - AIRPORT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues and Beginning Fund Balance:				
Rent	\$ -	\$ -	\$ 38,780	\$ 38,780
Interest	-	-	316	316
Property damage insurance proceeds	-	-	554,705	554,705
Beginning fund balance	-	-	90,664	90,664
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684,465</u>	<u>\$ 684,465</u>
Expenditures and Ending Fund Balance:				
Supplies	\$ -	\$ -	\$ 4,228	\$ 4,228
Other services and charges	-	-	33,829	33,829
Capital outlay	-	-	343,127	343,127
Total Expenditures	-	-	381,184	381,184
Ending fund balance	-	-	303,281	303,281
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684,465</u>	<u>\$ 684,465</u>

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues and Beginning Fund Balance:				
Revenues	\$ -	\$ -	\$ -	\$ -
Beginning fund balance	-	-	173,168	173,168
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,168</u>	<u>\$ 173,168</u>
Expenditures and Ending Fund Balance:				
Expenditures	\$ -	\$ -	\$ -	\$ -
Ending fund balance	-	-	173,168	173,168
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,168</u>	<u>\$ 173,168</u>

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - STREETS AND STORM DRAINS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues and Beginning Fund Balance:				
Federal grants	\$ 510,706	\$ 510,706	\$ -	\$ (510,706)
State grants	80,000	80,000	-	(80,000)
Interest	6,000	6,000	-	(6,000)
Transfers from other funds	325,630	325,630	55,697	(269,933)
Beginning fund balance	-	-	-	-
Total Revenues and Beginning Fund Balance	<u>\$ 922,336</u>	<u>\$ 922,336</u>	<u>\$ 55,697</u>	<u>\$ (866,639)</u>
Expenditures and Ending Fund Balance:				
Capital outlay	\$ 916,336	\$ 916,336	\$ 55,697	\$ (860,639)
Total Expenditures	916,336	916,336	55,697	(860,639)
Ending fund balance	6,000	6,000	-	(6,000)
Total Expenditures and Ending Fund Balance	<u>\$ 922,336</u>	<u>\$ 922,336</u>	<u>\$ 55,697</u>	<u>\$ (866,639)</u>

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - INDUSTRIAL PARK FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues and Beginning Fund Balance:				
Revenues	\$ -	\$ -	\$ -	\$ -
Beginning fund balance	-	-	4,974	4,974
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,974</u>	<u>\$ 4,974</u>
Expenditures and Ending Fund Balance:				
Expenditures	\$ -	\$ -	\$ -	\$ -
Ending fund balance	-	-	4,974	4,974
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,974</u>	<u>\$ 4,974</u>

CITY OF INDIANOLA, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - MKM FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues and Beginning Fund Balance:				
Revenues	\$ -	\$ -	\$ -	\$ -
Beginning fund balance	-	-	124,602	124,602
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,602</u>	<u>\$ 124,602</u>
Expenditures and Ending Fund Balance:				
Expenditures	\$ -	\$ -	\$ -	\$ -
Ending fund balance	-	-	124,602	124,602
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,602</u>	<u>\$ 124,602</u>

CITY OF INDIANOLA, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL EMPLOYEES
SEPTEMBER 30, 2019

POSITION	NAME	SURETY COMPANY	BOND AMOUNT
Mayor	Steve Rosenthal	Western Surety Co.	\$ 100,000
Alderman	Sam Brock	Western Surety Co.	100,000
Alderman	Gary Fratesi	Fidelity & Deposit Co. of Maryland	100,000
Alderman	Marvin Elder	Western Surety Co.	100,000
Alderman	Darrell Simpson	Western Surety Co.	100,000
Alderman	Ruben Woods	Western Surety Co.	100,000
City Clerk	Lashanda Moore	Western Surety Co.	100,000
Deputy City Clerk	Tumekia Beamon	Western Surety Co.	50,000
Deputy City Clerk	Shumekia Harvey	Brierfield Insurance Co.	50,000
Deputy City Clerk	Lisa Johnston Decker	Western Surety Co.	50,000
Deputy City Clerk	Cheryl Thomas	Western Surety Co.	50,000
Deputy City Clerk	Trisha Towery	Brierfield Insurance Co.	50,000
Police Chief	Edrick Hall	Western Surety Co.	50,000
Assistant Police Chief	Earnest Gilson	Brierfield Insurance Co.	50,000
Court Clerk	Teresa Nolden	Western Surety Co.	50,000
Deputy Court Clerk	Andranette Bland	Travelers	50,000
Deputy Court Clerk	Latasha Woods	Western Surety Co.	50,000

CITY OF INDIANOLA, MISSISSIPPI
SCHEDULE OF LEGAL DEBT LIMIT
SEPTEMBER 30, 2019

	<u>Bonded Debt Limit</u>	<u>Total Debt Limit</u>
Authorized Debt Limit Percent	15%	20%
2018 Assessed Property Value	<u>\$ 68,338,293</u>	<u>\$ 68,338,293</u>
Debt Limit	<u>10,250,744</u>	<u>13,667,659</u>
Bonds Outstanding at September 30, 2019	3,550,000	3,550,000
Less: Water and Sewer Revenue Bonds	<u>1,300,000</u>	<u>1,300,000</u>
Outstanding Debt Subject to Limitation	<u>2,250,000</u>	<u>2,250,000</u>
Debt Margin	<u><u>\$ 8,000,744</u></u>	<u><u>\$ 11,417,659</u></u>

CITY OF INDIANOLA, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Date of Obligation</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance October 1, 2018</u>	<u>Current Year Transactions</u>		<u>Balance September 30, 2019</u>
						<u>Additions</u>	<u>Retirements</u>	
GOVERNMENTAL ACTIVITIES								
<u>CAPITAL LEASES</u>								
Community Bank of Mississippi (Vehicles)	5/25/2018	3/1/2022	2.90%	\$ 200,206	\$ 183,405	\$ -	\$ (51,806)	\$ 131,599
Community Bank of Mississippi (Equipment)	5/25/2018	3/1/2022	2.90%	321,379	294,370	-	(83,163)	211,207
Total Capital Leases					<u>477,775</u>	<u>-</u>	<u>(134,969)</u>	<u>342,806</u>
Total Long-Term Debt - Governmental Activities					<u>\$ 477,775</u>	<u>\$ -</u>	<u>\$ (134,969)</u>	<u>\$ 342,806</u>
BUSINESS-TYPE ACTIVITIES								
<u>BONDS</u>								
General Obligation Water & Sewer Refunding Bonds, Series 2011	12/20/2011	7/1/2026	2.00 - 3.625%	\$ 4,525,000	\$ 2,540,000	\$ -	\$ (290,000)	\$ 2,250,000
Water & Sewer Revenue Refunding Bonds, Series 2011	12/20/2011	7/1/2026	2.00 - 3.80%	2,285,000	1,430,000	-	(130,000)	1,300,000
Total Bonds					<u>3,970,000</u>	<u>-</u>	<u>(420,000)</u>	<u>3,550,000</u>
<u>CAPITAL LEASES</u>								
Community Bank of Mississippi (Vehicles)	5/25/2018	3/1/2022	2.90%	17,438	15,976	-	(4,512)	11,464
Total Capital Leases					<u>15,976</u>	<u>-</u>	<u>(4,512)</u>	<u>11,464</u>
Total Long-Term Debt - Business-Type Activities					<u>\$ 3,985,976</u>	<u>\$ -</u>	<u>\$ (424,512)</u>	<u>\$ 3,561,464</u>

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor
and Honorable Members of the Board of Aldermen
City of Indianola, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Indianola, Mississippi (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Indianola, Mississippi's basic financial statements, and have issued our report thereon dated August 1, 2025. Our report includes a reference to other auditors who audited the financial statements of the City's discretely presented component unit, the Indianola Tourism Commission, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Indianola, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant

deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-001 through 2019-014 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-015 through 2019-017 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Indianola, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-009, 2019-010, and 2019-018 through 2019-034.

City's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thorn, Brown + Kiser Co.

August 1, 2025

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

The Honorable Mayor
and Honorable Members of the Board of Aldermen
City of Indianola, Mississippi

We have audited the financial statements of the City of Indianola, Mississippi (the City) as of and for the year ended September 30, 2019, and have issued our report thereon dated August 1, 2025. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Mississippi Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced state laws and regulations. Providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures disclosed instances of noncompliance with state laws and regulations which are described in the accompanying schedule of findings and responses as items 2019-009, 2019-010, and 2019-018 through 2019-034.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information of the City's Mayor and Board of Aldermen, the City's management, and the Mississippi Office of the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

August 1, 2025

Tann, Brown & Russ Co.

SCHEDULE OF FINDINGS AND RESPONSES

City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-001 Material Weakness – Financial Reporting

- Criteria:** The City's annual financial report (AFR) is the responsibility of the City's management. Therefore, a proper system of internal control over financial reporting is essential in order to prevent, detect, and correct misstatements in the AFR.
- Condition:** We assisted the City's management with drafting the AFR because the City did not have adequate internal resources to prepare the AFR in accordance with generally accepted accounting principles (GAAP).
- Cause:** The City determined that it was more cost efficient to utilize the expertise of the auditor to assist with preparing the AFR during the audit process as opposed to hiring an employee with comparable experience.
- Effect:** While we have implemented controls within our CPA firm, our controls cannot be considered as part of the City's controls over the AFR preparation process. Accordingly, a material weakness in the City's internal controls exists in the AFR reporting function.
- Recommendation:** We recommend that appropriate training be made available to the City's finance department personnel involved in the financial reporting process.
- Response:** The City has determined that it remains more cost efficient to utilize the auditor for preparation of the annual financial report. However, City management will thoroughly review and approve the annual financial report prior to issuance.

2019-002 Material Weakness – Previous Year's Audit Adjustments

- Criteria:** The City's management approves the year-end audit adjustments prior to issuance of the annual financial report (AFR) each year, so these adjustments should be recorded in the City's accounting system in order for internal financial reports to be consistent with the audited AFR and to reflect accurate fund balances carried forward into the new year.
- Condition:** The previous year's audit adjustments were not properly recorded in the City's accounting system.
- Cause:** The continuing effects of some audit adjustments were not apparent to the City's finance department.
- Effect:** Internal financial reports were not accurate because of the current year effects of the unposted prior year audit adjustments.
- Recommendation:** We recommend that the finance department post all audit adjustments to the appropriate accounts in the City's accounting system upon completion of the annual audit process.
- Response:** The City will record the year end audit adjustments in its internal accounting system each year after approval.

(Continued)

City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-003 Material Weakness – Corrections of Prior Years' Errors

Criteria: The City's annual financial report (AFR) is the responsibility of the City's management. Therefore, a proper system of internal control over financial reporting is essential to prevent, detect, and correct misstatements in the AFR.

Condition: Prior period adjustments were necessary during the current year audit process to correct material misstatements in the previous year's AFR.

Cause: The City did not have appropriate resources and controls in place to detect and correct misstatements in a timely manner.

Effect: The City's prior year AFR and current year internal financial reports were not accurate.

Recommendation: We recommend that the City review its AFR preparation process and revise procedures and controls as necessary to detect and correct misstatements in a timely manner.

Response: The City's management will thoroughly review the annual financial report prior to issuance.

2019-004 Material Weakness – Bank Account Reconciliations

Criteria: Reconciliation of the City's bank account statements to the accounting system is a primary internal control procedure that is designed to ensure that transactions are properly recorded in the accounting system.

Condition: The bank account reconciliations at year end did not agree with the balances in the accounting system, and the related discrepancies were not researched and reconciled in a timely manner. In addition, some of the City's bank accounts were not reflected on the bank account reconciliation schedules, and the City was unable to locate the individual check details of some old outstanding checks from prior years.

Cause: Procedures were not in place to investigate and resolve reconciling differences and old uncleared checks and deposits.

Effect: The City's internal financial reports did not accurately reflect cash balances and activity.

Recommendation: We recommend that procedures be implemented to reconcile all bank account statements to the accounting system on a monthly basis. Any differences and old uncleared checks and deposits should be investigated and resolved in a timely manner.

Response: The City will implement procedures to ensure that all bank account statements are reconciled to the accounting system in a timely manner.

(Continued)

City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-005 Material Weakness – Airport Bank Account Authorized Signatures

Criteria: Requiring two authorized signatures on checks is a primary control to prevent improper payments.

Condition: One of the Airport Fund's bank accounts only required one authorized signature, the Airport Board chairman, on checks.

Cause: The bank account was opened to facilitate storm damage repairs using property insurance claim proceeds.

Effect: The Airport Fund was exposed to a higher risk of improper payments.

Recommendation: We recommend that two authorized signatures be required on all bank accounts.

Response: The authorized signatures requirement for the Airport Fund's bank accounts will be revised to require two authorized signatures on checks for all bank accounts.

2019-006 Material Weakness – Investment Accounts

Criteria: Reconciliation of investment account statements to the balances in the accounting system is a primary control procedure that is designed to ensure that transactions are properly recorded in the accounting system.

Condition: The City's bank certificate of deposit account balances at year end did not agree with the balances in the accounting system, and none of the current year activity was reflected in the accounting system.

Cause: Procedures were not in place to record the investment accounts' activity during the year, and the investment accounts' periodic statements received during the year were not reconciled to the balances in the accounting system.

Effect: The City's internal financial reports did not accurately reflect the investment accounts' balances and activity.

Recommendation: We recommend that procedures be implemented to reconcile all investment accounts to the accounting system on a monthly basis. Any differences should be investigated and resolved in a timely manner.

Response: The City will implement procedures to ensure that all investment accounts are reconciled to the accounting system in a timely manner.

(Continued)

City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-007 Material Weakness – Transfers and Interfund Balances

Criteria: Reconciliation of transfers between funds or between bank accounts is a primary control to ensure that both sides of the transfers are properly recorded in the accounting system.

Condition: Transfers between funds, transfers between bank accounts, and amounts due between funds were not reconciled to ensure proper recording.

Cause: Procedures were not in place to reconcile transfers and interfund balances in the accounting system.

Effect: The City's internal financial reports did not accurately reflect transfers and interfund balances, and some transfers between funds or between bank accounts were improperly recorded as miscellaneous revenue in the receiving fund.

Recommendation: We recommend that procedures be implemented to reconcile all transfers and interfund balances the accounting system on a monthly basis to ensure that both sides of these transactions and balances are properly recorded in the involved funds.

Response: The City will implement procedures to ensure that transfers and interfund balances are reconciled in a timely manner.

2019-008 Material Weakness – Gasoline inventory

Criteria: Supplies inventory recordkeeping is an important control to monitor supplies usage, prevent theft, and ensure proper reporting of inventory balances in the accounting system.

Condition: Purchases of gasoline were recorded as additions to the gasoline inventory balance when the gasoline storage tank was refilled, but the inventory balance was not reduced for the gasoline used.

Cause: Procedures were not in place to periodically adjust the gasoline inventory balance in the accounting system to the actual inventory on hand.

Effect: The City's internal financial reports overstated the gasoline inventory on hand and understated the expenditure for fuel used.

Recommendation: We recommend that procedures be implemented to periodically adjust the gasoline inventory balance to accurately reflect the fuel on hand.

Response: The City will implement procedures to ensure that the gasoline inventory is properly monitored and adjusted in the accounting system.

(Continued)

City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-009 Material Weakness and Noncompliance – Property and Equipment Inventory

Criteria: Municipalities are required to conduct an inventory of property and equipment at the end of each fiscal year in order to ensure that all property and equipment items are properly reflected in the City's records and are still in the City's possession.

Condition: The City's property and equipment records were not updated to include new acquisitions and disposals during the year, and documentation of the annual inventory procedures was not maintained.

Cause: Procedures were not in place to periodically update the property and equipment records during the year and conduct a full inventory at the fiscal year end.

Effect: The City's property and equipment records were not accurate.

Recommendation: We recommend that the City implement procedures to ensure that the property and equipment records are updated for acquisitions and disposals throughout the year and an annual inventory is conducted and documented each fiscal year.

Response: The City will implement procedures to maintain accurate property and equipment inventory records and to conduct the required annual inventory process.

2019-010 Material Weakness and Noncompliance – County Tax Collector Fees

Criteria: Generally accepted accounting principles require revenues and expenditures to be separately reflected (rather than being netted into a single amount), and state statutes require expenditures to be budgeted separately from revenues.

Condition: Fees withheld by the county for the collection of the City's vehicle ad valorem taxes were netted from tax revenues rather than being separately posted as contractual services expenditures.

Cause: The City was unaware of the need to segregate the withheld fees as expenditures.

Effect: Both revenues and expenditures were understated.

Recommendation: We recommend that the City's procedures for recording ad valorem tax revenues be revised to ensure that the county collection fees are properly recorded as expenditures.

Response: The City will implement procedures to ensure that the county tax collection fees are recorded as expenditures.

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City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-011 Material Weakness – Payroll-Related Liabilities

Criteria: Reconciliation of payroll liability account balances in the accounting system to detailed reports reflecting the individual balances owed is a primary control procedure that is designed to ensure that transactions are properly recorded in the accounting system.

Condition: Payroll liability accounts for payroll taxes, retirement contributions, group insurance premiums, and garnishment withholdings were not reconciled to ensure that all payroll withholdings and the City's related share of costs were properly reflected and remitted to the appropriate entities in a timely manner.

Cause: Procedures were not in place to periodically reconcile the underlying amounts owed to the liability balances reflected in the accounting system.

Effect: The City's accounting system did not properly reflect the balances owed.

Recommendation: We recommend that procedures be implemented to reconcile the payroll liability balances in the accounting system each month to the underlying amounts owed by the City.

Response: The City will implement procedures to ensure that payroll liability accounts are reconciled in a timely manner to accurately reflect the payroll liability balances owed by the City.

2019-012 Material Weakness – Water Meter Deposits Liability

Criteria: Reconciliation of the customer meter deposits liability account balance in the accounting system to the water/sewer billing system report reflecting the customer meter deposits held at a particular point in time is a primary control procedure that is designed to ensure that transactions are properly recorded in the accounting system.

Condition: The liability account balance for water/sewer customer meter deposits held was overstated in the accounting system.

Cause: Customer meter deposits that were applied to final customer account balances in the water/sewer billing system were not removed from the liability account in the accounting system. In addition, procedures were not in place to periodically reconcile the billing system's balance of customer meter deposits held to the liability balance reflected in the accounting system.

Effect: The City's accounting system did not properly reflect the meter deposits liability and the water/sewer revenue.

Recommendation: We recommend that procedures be implemented to reconcile the water/sewer meter deposits liability balance in the accounting system each month to the balance of customer meter deposits reflected in the billing system.

Response: The City will implement procedures to ensure that the customer meter deposits liability account balance in the accounting system is periodically reconciled to the water/sewer billing system to ensure that the accounting system accurately reflects the actual customer meter deposits held by the City.

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City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-013 Material Weakness – Revenue and Expenditure Posting Errors

Criteria: Management review of the monthly internal financial reports is a primary control for detecting and correcting errors in a timely manner.

Condition: Numerous posting errors had to be corrected during the audit process, and these posting errors included duplicated entries, transactions posted to the wrong revenue or expenditure accounts, revenues misposted to expenditure accounts, and expenditures misposted to revenue accounts.

Cause: Procedures were not in place to adequately review the internal financial reports for accuracy.

Effect: The City's internal financial reports did not accurately reflect revenues and expenditures.

Recommendation: We recommend that the City's procedures for reviewing the internal financial reports be revised to ensure that the reports are adequately reviewed in a timely manner in order to detect and correct posting errors.

Response: The City will implement procedures to ensure that internal financial reports are adequately reviewed by management.

2019-014 Material Weakness – Capital Outlay Expenditure Classification

Criteria: Generally accepted accounting principles require capital outlay expenditures to be segregated from operating expenditures.

Condition: Capital project construction and engineering costs and equipment purchases were incorrectly reflected as contractual service expenditures rather than capital outlay.

Cause: The City relied upon year-end audit adjustments to correct these mispostings.

Effect: The City's internal financial reports did not accurately reflect capital outlay expenditures.

Recommendation: We recommend that the City's procedures for classifying and recording capital outlay expenditures be reviewed and revised as necessary to properly reflect these expenditures.

Response: The City will implement procedures to accurately reflect capital outlay expenditures.

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City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-015 Significant Deficiency – Missing Invoices

Criteria: Obtaining invoices and related documentation for payments made is an important control to ensure that the payments are appropriate and adequately documented, and maintaining an orderly filing system facilitates retrieval of the information when it is needed.

Condition: Invoices and related documentation could not be located for 5 of the 83 payments selected for testing.

Cause: The City's procedures for obtaining and filing invoices and related documentation were not adequate to allow efficient retrieval of documentation for payments made.

Effect: The City was unable to provide invoices supporting some payments made.

Recommendation: We recommend that the City review and revise its procedures to ensure that invoices and related documentation are obtained and filed in an orderly manner to allow efficient retrieval.

Response: The City will implement procedures to ensure that payments are supported by adequate documentation that is filed in an orderly manner for retrieval.

2019-016 Significant Deficiency – Employee Payroll Direct Deposit Authorization

Criteria: Maintenance of payroll direct deposit authorization from employees is an important control to ensure documentation of employees' authorized direct deposit bank account information.

Condition: We noted that the employee's payroll direct deposit bank account authorization form could not be located for 19 of the 40 employees tested.

Cause: Procedures were not in place to maintain employee payroll direct deposit authorization forms.

Effect: The City did not have documentation of the authorized payroll direct deposit bank account for some employees.

Recommendation: We recommend that the City review and revise its procedures to ensure that payroll direct deposit authorization forms are obtained and maintained for all applicable employees.

Response: The City will implement procedures to ensure that payroll direct deposit authorization forms are maintained for all applicable employees.

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City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-017 Significant Deficiency – Debt Service Expenditure Classification

Criteria: Generally accepted accounting principles require debt service expenditures to be segregated between principal and interest.

Condition: The interest portion of debt service payments was not properly segregated from the principal portion in the accounting system.

Cause: The City relied upon year-end audit adjustments to correct these mispostings.

Effect: The City's internal financial reports did not accurately reflect principal and interest expenditures.

Recommendation: We recommend that the City's procedures for classifying and recording debt service expenditures be reviewed and revised as necessary to properly reflect these expenditures.

Response: The City will implement procedures to accurately reflect debt service expenditures.

2022-018 Noncompliance – Annual Financial Report Submission

Criteria: Regulations of the Mississippi Office of the State Auditor (MS OSA) require the City to submit its audited AFR to MS OSA within thirteen months of the City's fiscal year end. The City's AFR is the responsibility of the City's management. Therefore, a proper system of internal control over financial reporting is essential in order to prevent, detect, and correct misstatements in the AFR and to facilitate the timely preparation and audit of the AFR.

Condition: The City's audited AFR for the fiscal year ended September 30, 2018, was not submitted to the MS OSA before the applicable deadline.

Cause: The City did not have adequate procedures and staffing in place to make the necessary adjustments in a timely manner as part of its month-end financial reporting process and to prepare the AFR in a timely manner as part of its year-end financial reporting process.

Effect: The annual audit process was significantly delayed while the City gathered the necessary information for audit. In addition, a significant number of adjustments to the accounting system data were necessary during the audit process.

Recommendation: We recommend that the City review its financial reporting procedures and staffing levels and revise these as necessary to ensure that the financial reports generated on a monthly and annual basis are prepared in a reliable and timely manner.

Response: The City will implement procedures to facilitate the preparation and audit of the AFR in a timely manner.

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City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-019 Noncompliance – Publication of Audit Availability

Criteria: State statutes require that the City publish the availability of the annual audit report within 30 days of the audit report issuance.

Condition: The audit report for the year ended September 30, 2018, was issued in January, 2024, but the City was unable to locate documentation of the publication of the availability of the audit report.

Cause: The City did not have procedures in place to ensure that the audit availability was properly publicized and that documentation of the publication was maintained.

Effect: The public was not informed of the audit report's availability in a timely manner.

Recommendation: We recommend that the City revise its procedures in order to comply with the applicable audit report availability publication requirements.

Response: The City will implement procedures to ensure that the audit report availability is properly publicized and that documentation of the publication is maintained.

2019-020 Noncompliance – Unclaimed Funds

Criteria: Funds that have not been claimed (i.e., uncashed checks) for more than five years are required under the Mississippi Unclaimed Property Act to be remitted to the Mississippi Treasurer's Office at least every three years, provided that (1) a check has not been cashed by the payee, (2) the money is still owed, and (3) the payee cannot be located to reissue a check.

Condition: Numerous outstanding checks older than five years were still reflected as outstanding in the accounting system and had not yet been remitted to the Mississippi Treasurer's Office as required.

Cause: The City was unaware of the requirement to transfer unclaimed funds to the State Treasurer's Office.

Effect: The City was not in compliance with the Mississippi Unclaimed Property Act.

Recommendation: We recommend that procedures be implemented to remit unclaimed funds to the Mississippi Treasurer's Office as required. In addition, we recommend that procedures be implemented to periodically review the outstanding checks schedule to ensure that voided checks have been properly removed from the outstanding checks schedule and any significant old outstanding checks are investigated to determine the reasons they have not been cashed by the respective payees.

Response: The City will implement procedures to periodically review old outstanding checks and remit the applicable unclaimed funds to the Mississippi Treasurer's Office.

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City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-021 Noncompliance – Municipal Depository

- Criteria:** State statutes require that the City receive municipal depository bids every two years and approve a municipal depository to hold City funds. In addition, other banks must agree to match the approved municipal depository's bid in order to hold City funds.
- Condition:** The City did not appear to have obtained municipal depository bids within the last two years and was unable to locate documentation of approval of the municipal depository.
- Cause:** The City was unaware of the requirement to obtain municipal depository bids and approve a municipal depository every two years.
- Effect:** The City was not in compliance with state statutes and may have been able to earn higher interest rates through the bidding process.
- Recommendation:** We recommend that the City revise its procedures to ensure that it complies with the municipal depository bidding requirements.
- Response:** The City will implement procedures to ensure that municipal depository bids are solicited and a municipal depository is properly approved every two years.

2019-022 Noncompliance – Revenue Bond Debt Service Funds

- Criteria:** The City's bond covenants require one twelfth of the annual debt service to be transferred to the revenue bond debt service fund each month in order to accumulate amounts necessary for the revenue bond debt service payments.
- Condition:** The required debt service fund monthly transfers were not made during the year, which necessitated a year end adjustment to correct the balance of the debt service fund. In addition, while the debt service fund and the debt service reserve fund are reflected as separate funds in the accounting system, they are held in the City's commingled operating bank account rather than being held in separate bank accounts.
- Cause:** The City did not have adequate procedures in place to monitor compliance with the debt covenants.
- Effect:** The City was not in compliance with the debt covenants.
- Recommendation:** We recommend that procedures be implemented to ensure that the debt service funds are adequately segregated from other City funds and that the required monthly transfers are made into the debt service fund.
- Response:** The City will implement procedures to ensure compliance with the debt covenants regarding debt service funds.

(Continued)

City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-023 Noncompliance – Court Assessments

Criteria: State regulations require that the City remit state court assessments to the applicable state agencies on a monthly basis.

Condition: The City did not consistently remit state court assessments to the applicable state agencies on a monthly basis, and the City owed nine months or court assessments to state agencies at year end.

Cause: Procedures were not in place to ensure timely remittance.

Effect: The City was not in compliance with state statutes.

Recommendation: We recommend that the City revise its procedures to ensure that state court assessments are remitted to the applicable state agencies in a timely manner.

Response: The City will implement procedures to ensure that court assessments are remitted to the applicable state agencies on a monthly basis.

2019-024 Noncompliance – State Purchasing Laws

Criteria: State purchasing laws require the use of a bidding process for certain purchases over the specified amount threshold, and written quotes must be obtained for certain types of purchases over a lower specified threshold amount.

Condition: The City was unable to locate documentation of the required bidding process for any of the 7 applicable purchases selected for testing. In addition, the City was unable to locate documentation of written quotes being obtained for 13 of the 16 applicable purchases selected for testing.

Cause: The City's procedures for obtaining and filing documentation of compliance with the applicable purchasing laws were not adequate.

Effect: The City was unable to provide documentation of compliance with state purchasing laws.

Recommendation: We recommend that the City review and revise its procedures to ensure documentation of its compliance with state purchasing laws for applicable purchases.

Response: The City will implement procedures to ensure that payments are supported by adequate documentation of state purchasing laws compliance that is filed in an orderly manner for retrieval.

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City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-025 Noncompliance – New Employee Employment Eligibility Verification

Criteria: State statutes require employers in Mississippi to utilize the E-Verify online employment eligibility verification system in addition to the I-9 employment eligibility forms required by federal regulations when hiring employees.

Condition: The E-Verify online process was not documented for 14 of the 25 applicable employees tested. In addition, for one of these employees, a completed I-9 employment eligibility form also could not be located.

Cause: Procedures were not in place to properly complete and document the E-Verify process for employees.

Effect: The City did not have documentation of the E-Verify process completion for some employees.

Recommendation: We recommend that the City review and revise its procedures to ensure that new employees are properly verified through the E-Verify system and documentation of the verification process is maintained.

Response: The City will implement procedures to ensure that all employees are verified through the E-Verify system and that documentation of the verification process is maintained.

2019-026 Noncompliance – Budget Adoption Process

Criteria: State statutes and regulations require that the City adopt annual budgets for all funds and limit its expenditures to the amounts in the approved budget line items, except for court-ordered payments, emergency purchases, election expenses and capital outlay. In addition, the minimum level of detail required in the adopted budget is at the purpose level (personnel services, contractual services, etc.) rather than at the specific account level.

Condition: When the Mayor and Board of Aldermen adopted the budget for the year ended September 30, 2019, the General Fund's budget was the only budget reflected in the official minutes. In addition, the General Fund's budget was reflected in the minutes at the expenditure account level detail, which binds the City to budget compliance at a greater level of detail than the required purpose level.

Cause: The City did not have adequate procedures in place to comply with the budget adoption requirements.

Effect: The City was obligated to comply with the adopted General Fund budget at the account level. In addition, the budgets adopted for the other funds were not properly documented in the meeting minutes.

Recommendation: We recommend that the City review and revise its budget preparation and adoption procedures to ensure that all funds are properly budgeted and that the budgets are adopted at the appropriate level of expenditure detail (fund, department, and purpose).

Response: The City will implement procedures to ensure that annual budgets are adopted for all funds at the appropriate level of detail and that the adopted budgets are properly reflected in the meeting minutes.

(Continued)

City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-027 Noncompliance – Budget Publication

Criteria: State statutes and regulations require that the City publicize each fund's adopted budget for the upcoming fiscal year along with the estimated actual revenues and expenditures for the current fiscal year.

Condition: The City was unable to locate documentation of the newspaper publication of the adopted budgets for the fiscal year ended September 30, 2019. In addition, the newspaper publication of the adopted budgets for the year ended September 30, 2020 did not include the estimated actual revenues and expenses for the year ended September 30, 2019.

Cause: The City did not have adequate procedures in place to ensure compliance with the budget publication requirements.

Effect: The City did not inform its citizens of the adopted budgets and related information.

Recommendation: We recommend that the City review and revise its budgeting and publication procedures to ensure that the budgets and related financial information are properly published and that documentation of the publication is maintained.

Response: The City will implement procedures to ensure that the adopted budgets and related financial information is properly published and documented.

2019-028 Noncompliance – Budget Reporting

Criteria: State statutes require that the Mayor and Board of Aldermen be provided monthly financial reports that compare the budgeted revenue and expenditure line items with the actual year-to-date revenues received and expenditures paid by the City.

Condition: Budget-to-actual financial reports were only submitted to the Mayor and Board of Aldermen on a semi-annual basis rather than monthly.

Cause: The City was unaware of these requirements.

Effect: The Mayor and Board of Aldermen were not provided with the required monthly financial reports that are necessary in order for them to fulfill their oversight responsibilities related to budget compliance.

Recommendation: We recommend that the City revise its financial reporting procedures in order to prepare the budget-to-actual financial reports in accordance with the statutory budget requirements and to provide complete monthly financial reports for all funds to the Mayor and Board of Aldermen as required.

Response: The City will implement procedures to ensure that monthly budget reports including all funds are provided to the Mayor and Board of Aldermen.

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City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-029 Noncompliance – Budget Violations

Criteria: State statutes and regulations require that the City limit its expenditures to the amounts in the approved budget line items, except for court-ordered payments, emergency purchases, election expenses and capital outlay.

Condition: Several expenditure line items in the budget were exceeded with no documentation provided as to any applicable exceptions to the budget compliance requirement.

Cause: The actual expenditures were not adequately monitored and limited to the adopted budget amounts.

Effect: The City was not in compliance with state statutes, and City officials could be exposed to fines for budget violations.

Recommendation: We recommend that the City review and revise its budgeting and reporting procedures to ensure that the transactions are properly recorded and the budget expenditures are adequately monitored to prevent expenditures in excess of the budgeted line items.

Response: The City will implement procedures to ensure that expenditures are adequately monitored for budget compliance.

2019-030 Noncompliance – Refuse Collection Fund Information Publication

Criteria: State statutes and regulations require that the City publicize at the end of each fiscal year the refuse collection fund's annual revenues and expenditures, amount paid to each of the service providers, and the average cost per customer.

Condition: The City was unable to locate documentation of the newspaper publication of the refuse collection fund information for the year ended September 30, 2019.

Cause: The City did not have adequate procedures in place to ensure compliance with the refuse collection fund information publication requirements.

Effect: The City did not properly inform its citizens of the refuse collection fund's information.

Recommendation: We recommend that the City review and revise its publication procedures to ensure that the refuse collection fund financial information is properly published and that documentation of the publication is maintained.

Response: The City will implement procedures to ensure that the refuse collection fund financial information is properly published and documented.

(Continued)

City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-031 Noncompliance – Timely Pay Statute

Criteria: State statutes require municipalities to pay vendors within 45 days of receiving an invoice or pay the vendor interest on amounts paid after 45 days.

Condition: We noted that the City made several vendor payments that were more than 45 days after receipt of the applicable invoices without documentation of any dispute or payment of the required interest.

Cause: The City's procedures for processing and approving invoices for payment did not adequately document any disputes that may have delayed payment and also did not add the required interest to vendors' payments when they were otherwise paid late.

Effect: The City was not in compliance with statutory timely pay requirements.

Recommendation: We recommend that the City review and revise its purchasing procedures as necessary to ensure compliance with State of Mississippi timely pay requirements.

Response: The City will implement procedures to ensure timely payment to vendors within 45 days from receipt of invoice unless a dispute is adequately documented or the required late payment interest is paid.

2019-032 Noncompliance – Municipal Compliance Questionnaire

Criteria: The Mississippi Office of the State Auditor's regulations require that municipalities complete and approve the annual Municipal Compliance Questionnaire at the Mayor and Board of Aldermen's first regular meeting after the fiscal year end as a means of the City certifying that it has complied with applicable state statutes and regulations. The Municipal Compliance Questionnaire provides a listing of various compliance requirements along with the source of the requirements.

Condition: The Municipal Compliance Questionnaire was not approved and included in the official minutes as required.

Cause: The City was unaware of the requirement to approve and include the Municipal Compliance Questionnaire as part of the minutes for the first regular meeting after the fiscal year end.

Effect: The City was not in compliance with state regulations.

Recommendation: We recommend that the City revise its procedures to ensure that the Municipal Compliance Questionnaire is completed as required.

Response: The City will implement procedures to ensure that the Municipal Compliance Questionnaire is properly completed, approved, and included in the official minutes each year.

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City of Indianola, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-033 Noncompliance – Minutes of Mayor and Board of Aldermen’s Meetings

Criteria: State statutes require that the minutes of a Mayor and Board of Aldermen’s meeting be prepared and signed within 30 days of the meeting.

Condition: Minutes for several of the Mayor and Board of Aldermen’s meetings were not properly organized and maintained in the official minute books.

Cause: The City has experienced a high turnover rate in the City Clerk position.

Effect: The Mayor and Board of Aldermen’s meeting minutes serve as the official record of the Mayor and Board of Aldermen’s actions. Therefore, in the absence of timely-prepared official meeting minutes, documentation of the Mayor and Board of Aldermen’s actions and approvals at a meeting may not exist, and legal complications could result from this lack of documentation.

Recommendation: We recommend that procedures be implemented to ensure that the minutes and related exhibits are prepared in a timely manner and properly maintained in the official minute books.

Response: The City will implement procedures to ensure that the meeting minutes are properly maintained in the official minute books.

2019-034 Noncompliance – Airport Board Meeting Minutes

Criteria: Board meeting minutes are the official record of actions taken at a board meeting.

Condition: The Airport Board chairman could only locate minutes for one monthly meeting of the Airport Board.

Cause: The previous airport manager, who is deceased, was responsible for maintaining the board meeting minutes, and only one meeting’s minutes has been located.

Effect: No record is available of the Airport Board’s actions at the other meetings.

Recommendation: We recommend that procedures be implemented to adequately document the Airport Board’s monthly meetings.

Response: Procedures will be implemented to ensure that Airport Board meetings are adequately documented.